

EP2005 Volume 1	HSSE Auditing	Restricted
HSE Standard		EP2005-0180-ST

STANDARD: HSSE AUDITING

This HSSE document may set requirements supplemental to applicable law. However, nothing herein is intended to replace, amend, supersede or otherwise depart from any applicable law relating to the subject matter of this HSSE document. In the event of any conflict or contradiction between the provisions of this HSSE document and applicable law as to the implementation and governance of this HSSE document, the provisions of applicable law shall prevail.

This HSSE document shall be subject to formal adoption as specified in EP Standard EP2005-0140-ST [\[15\]](#).

0. Revision Information

The audit framework in §4 was revised to depict the 'levels' of HSSE audits, generally 'HSE' was replaced by "HSSE", §4.6 and Appendix 3 were revised with new audit types, and Tools TO-80 to 82 deleted.

1. Introduction

This Standard creates a uniform way of managing HSSE¹ auditing in EP Companies. The purpose of HSE auditing is to verify the existence and effectiveness of internal controls intended to manage HSE risks and comply with the Group 'HSE Policy and Commitment' [\[27\]](#) and HSE related standards [\[21- 40\]](#) identified in the Annual HSE Assurance Statements [\[30\]](#).

The results of HSSE Audits are managed in order to reduce risks and improve processes, support external reports, inform management on reviews and report the compliance status to stakeholders, audit committees and Business Assurance Committees (BAC) at the Group, Business and Directorate/Regional (Dir/Reg) levels.

2. Scope and Application

This Standard describes the planning, execution and closeout of audits and continuous improvement of the HSE auditing process. It applies to all HSSE Audits referenced as EP Assurance Providers and Products [\[32\]](#) within the EP Annual Assurance Planning (AAP) process. A listing of the HSSE Audits is found in §4.6 and Appendix 3. HSSE auditing complements the systems used by line management to assess and appraise HSSE controls on a continuing basis.

3. EP Policy

'An audit programme shall be in place to review and verify the effectiveness of the management system' [\[25\]](#). The programme shall reflect the level of risk and be conducted in accordance with this EP HSE Auditing Standard. .

'Audit follow-up shall be timely, thorough, and auditable' [\[25\]](#) with periodic review of progress by management.

¹ Some Group and EP level HSE arrangements do not apply the acronym HSSE (e.g., "Group HSE MS" and "Group HSE Policy"). However, in this document suite, the terms HSE and HSSE (with the additional S for Security) should be treated as synonymous.

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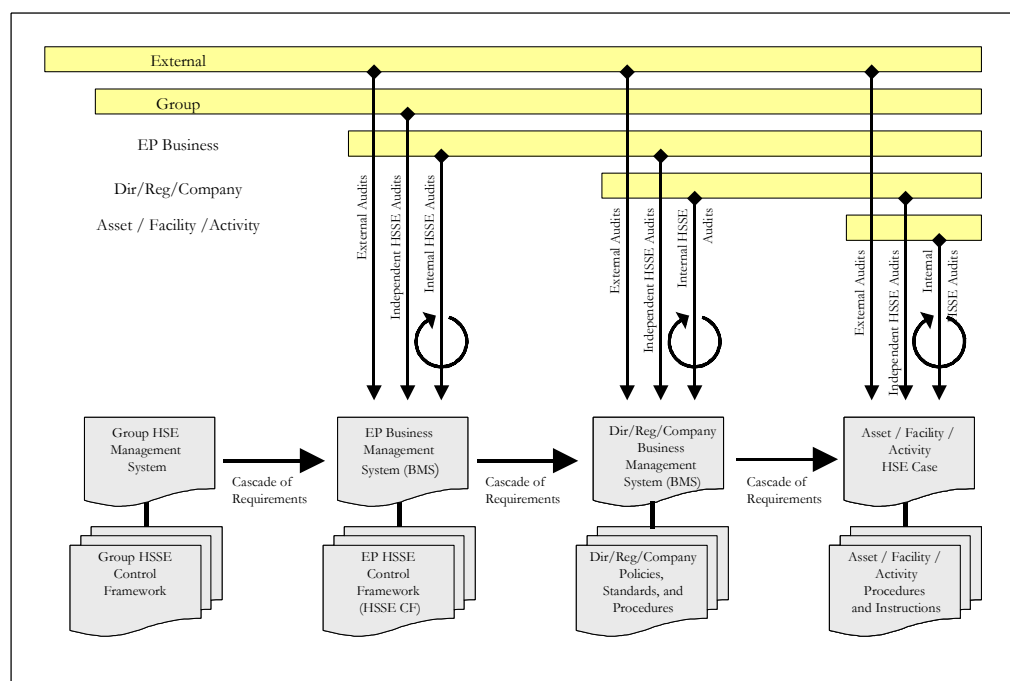
4. EP Standard

This Standard and the supporting controlling documentation are consistent with the Shell Internal Audit (SIA) Methodology [24].

Group HSSE Risk & Assurance provides the mandate for HSSE Audits. In EP, the HSSE Global Assurance Leadership Team (GALT) is responsible for ensuring that the HSSE Audits in EP are scheduled and undertaken in accordance with this Standard and the provided mandate. Performance against the mandate is reported to the Business Assurance Committees (BAC) at the EP and Dir/Reg levels, and to the Group Social Responsibility Committee (SRC).

The EP HSSE GALT is responsible for communicating with SIA and other assurance providers such that opportunities for integration of audit effort are recognised and taken to ensure efficiency and cost effectiveness.

The HSSE Audit System Framework and Interfaces



This Standard is supported by the following EP procedures:

- 'Manage the HSE Audit Process' [4], which specifies the planning and steering activities needed for an effective HSE Audit Programme;
- 'Manage the HSE Audit Organisation' [5], which specifies the resources required;
- 'Conducting HSE Audits' [6], which describes the means of executing audits and reporting the findings;
- 'Follow-up HSSE Audit Findings' [7], which specifies the methods used to ensure that audit actions are completed to a satisfactory standard and can be closed out.

4.1 Roles and Responsibilities

The following roles and responsibilities, which are described in [App. 2], are the most critical used in this Standard and the referenced EP Controlling Documentation:

- Action Party;

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- Audit Facilitator;
- Audit Scheduler Shell Internal Audit (SIA);
- Auditee;
- Dir/Reg Assurance Coordinator;
- (Dir/Reg) Business Assurance Committee (BAC);
- Dir/Reg HSSE Assurance Manager;
- EP HSSE Global Assurance Leadership Team (GALT);
- EP HSSE Global Assurance Leader;
- HSE Adviser;
- HSE Audit Leader;
- Line Manager of Auditee.

4.2 Manage the HSE Audit Process

The EP Procedure 'Manage the HSE Audit Process' [\[4\]](#) shall be implemented. Minimum requirements are:

1. A 5-year rolling Assurance Plan, including External, Independent, and Internal HSSE audits shall be maintained to provide assurance that all the elements of the respective HSE Management System are in place and effective.
2. Determination of the frequency, depth, class (internal, external or independent) of HSSE Audits required shall be risk-based and shall comply with EP Specification 'HSE Audit Frequency and Duration' [\[1\]](#).
3. Independent HSSE Audits of the HSE Management System shall include representative sampling of assets and activities having significant risk.
4. An effective reporting process shall be maintained which provides quarterly and annual HSE audit status and progress reports to the Dir/Reg BACs, the EP BAC and the Group HSSE Risk & Assurance Manager.
5. Dir/Reg BACs shall annually review the status of outstanding 'High' and 'Serious' audit findings and the progress of recommendations on such findings. The results of this review shall be documented by means of the HSE annual assurance process.
6. The performance of the overall audit process in EP shall be reviewed annually to identify any areas for improvement. The results of this review shall be documented by means of the HSE annual assurance process.

4.3 Manage the HSE Audit Organisation

The EP Procedure 'Manage the HSE Audit Organisation' [\[5\]](#), shall be implemented. The HSE audit organisation shall comply with the EP Specification 'EP2005 HSE Roles and Responsibilities' [\[13\]](#) relevant parts of which are duplicated in [\[App. 2\]](#). Minimum requirements are:

1. The EP organisation shall be appropriate and adequately resourced to manage the audit processes.
2. Competences and other attributes required in HSE Auditors and HSE Audit Leaders shall be assessed and recorded.
3. A pool of HSE Auditors and HSE Audit Leaders who satisfy the defined competence requirements shall be developed and maintained. A register of competent HSE Audit Leaders shall be maintained.
4. The pool of HSE Auditors and HSE Audit Leaders shall be adequate to resource the annual plan of HSSE audits.

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4.4 Conduct HSSE Audits

The EP Procedure 'Conducting HSSE Audits' [6] shall be implemented. Minimum requirements are:

1. The Terms of Reference (TOR) for each audit shall be agreed between the Auditee and HSE Audit Leader and documented before the start of the audit.
2. The methodology in EP Specification 'Findings Assessment and Evaluation Criteria' [2] shall be used for classifying and reporting audit findings and evaluating the acceptability of controls.
3. Audit findings, recommended actions and progress in closing actions shall be recorded and maintained in the EP HSE Tracking System [23] accessible for review by relevant parties.
4. The reports of all EP HSSE Audits shall be provided to or made accessible to the relevant Dir/Reg HSSE Assurance Manager and the EP HSSE Global Assurance Leader .
5. Contractors working under their own management system shall have, as required in EP Standard 'Contractor HSE Management' [14], an HSE audit process and schedule for audits, which includes audits carried out by auditors independent of the operation.

4.5 Follow-up HSE Audit Findings

The EP Procedure 'Follow-up HSSE Audit Findings' [7] shall be implemented. Minimum requirements are:

1. The EP HSE Tracking System [23] shall be used for recording audit reports, findings and recommendations and for monitoring the approval and closeout of actions.
2. An effective control process shall be maintained to ensure that:
 - Audit findings are assessed, recorded and prioritised in accordance with the risks identified;
 - Corrective actions, which properly address the relevant audit finding and associated control weakness, are identified;
 - Responsible managers and action parties are assigned to actions;
 - Target completion dates for action closeout are promptly agreed;
 - Completion dates shall be as soon as practicable and commensurate with the risks;
 - Actions associated with findings are tracked to final and demonstrable closeout;
 - Authorities for the review, approval and closeout of HSSE audit actions addressing findings of different risk severity shall be in accordance with [7].
3. Best practices identified and key lessons learned shall be shared with all relevant EP Companies, locations and assets.

4.6 Types of HSSE Audits in EP

- HSSE – External:
 - ISO 14001 Certification / Re-validation
 - OHSAS 18001 Certification / Re-validation
 - Insurance Survey
 - Regulatory Authority Inspection / Audit
 - Other External HSSE Audit
- HSSE – EP:
 - Region / Directorate / Company Independent HSE MS Audit
 - Asset / Facility Operations Independent HSE MS Audit
 - Shell Maritime Business Review
 - Joint Venture (NUOC) HSE Audit (Provisional)
 - Aviation Operations Audit (Campaign)
 - Facility Pre Start Up Audit (Campaign)

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- Project Design Implementation Audit (Campaign)
- Seismic HSE Audit (Campaign)
- Well Engineering HSE Audit (Campaign)
- Diving Operations (Campaign)
- Other HSSE Assurance Products (Discretionary)
- HSSE – Region / Local / Internal:
 - HSE MS Audit
 - Asset / Facility HSE MS / HSE Case Audit
 - 14001 / 18001 Internal Audit / Self Assessment
 - Security Management Self-Assessment Audits
 - Regulatory Compliance Audit
 - Other Region / Local / Internal HSSE Assurance Products

The definitions of these audits are specified in [\[App. 3\]](#) of this Standard.

5. Key Performance Indicators

The following KPIs are applicable:

- Number of audits completed to plan;
- Number of actions outstanding, classified according to severity;
- Number of action items overdue, classified according to severity;
- Number of closeout validation checks undertaken;
- Number of trained and competent HSSE Auditors and HSSE Audit Leaders;
- Number of trained and competent auditors in contractor organisation.

6. Related EP Controlling Documents

#	Title	Number
[1]	EP Specification 'HSE Audit Frequency and Duration'	EP2005-0180-SP-01
[2]	EP Specification 'Findings Assessment and Evaluation Criteria'	EP2005-0180-SP-02
[3]	EP Specification 'HSE Auditor Competence Criteria'	EP2005-0180-SP-03
[4]	EP Procedure 'Manage the HSE Audit Process'	EP2005-0180-PR-10
[5]	EP Procedure 'Manage the HSE Audit Organisation'	EP2005-0180-PR-20
[6]	EP Procedure 'Conducting HSE Audits'	EP2005-0180-PR-30
[7]	EP Procedure 'Follow-up HSSE Audit Findings'	EP2005-0180-PR-40
[8]	EP HSSE Audit Kit and Tools; 2007	SWW
[12]	EP Specification 'EP2005 HSE Glossary of Definitions'	EP2005-0100-SP-01
[13]	EP Specification 'EP2005 HSE Roles and Responsibilities'	EP2005-0103-SP-01
[14]	EP Standard 'Contractor HSE Management'	EP2005-0110-ST
[15]	EP Standard 'HSE Controlling Documentation Management'	EP2005-0140-ST

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7. Other References

#	Title	Number
[21]	Group (YG) ¹ 'Group HSE Audit Guidelines', March 2001	SWW
[22]	EP HSSE Control Framework	SWW
[23]	EP HSE Tracking System; 2005	SWW
[24]	Shell Internal Audit (SIA) Methodology; 2006	SWW
[25]	'Group Procedure for an HSE Management System'; 1997 (also given in Appendix 3 of Group HSE Management System, 2002)	SWW (cover page) SWW
[26]	Shell Risk Policy and Guidelines, April 2000	SWW
[27]	'Group HSE Policy and Commitment'; April 2000 (also given in Appendix 1 of Group HSE Management System, 2002)	SWW (cover page) SWW
[28]	'Roles and Responsibilities of Business Assurance Committee (BAC)'; February 2004	SWW
[29]	EP Procedure 'Activity Assurance Action Tracking Process'	-
[30]	Group Annual Assurance Letters	SWW
[31]	Group HSSE Standards	SWW
[32]	EP Assurance Providers and Products; June 2008	SWW
[33]	Group 'Fountain Assurance Action Tracking Procedure'	SWW
[35]	'Group Wide Animal Testing Principles and Management Process'; October 2001	SWW
[36]	'Animal Testing Procedures Guide'; June 2003	SWW
[37]	Group Standard for Ship Quality Assurance; October 2003	SWW
[38]	'Guidelines for the Quality Assurance of Oil, Chemical and Gas Carriers'; October 2003	SWW
[39]	'Ship Quality Assurance Guidelines for Small Ships and Barges carrying Oil, Gas and Chemicals'; January 2004	SWW
[40]	'Guidelines for Shell Companies on Preparedness, Response and Compensation for Oil and Chemical Spills'; June 2003	SWW

¹ Group Yellow Guide, issued by the Health, Safety and Environment Advisers Panel

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Appendix 1: Definitions

<i>Annual HSE Assurance Statements</i>	Statements regarding assurance of compliance to HSSE and related standards made annually by OpCos through the accountable Directorates/Regions/EP to the Shell Group Executive.
<i>Assurance Plan</i>	An outline of the various forms of appraisal, which will take place over a stated time frame, to provide assurance regarding the effectiveness of a risk based control framework [21].
<i>EP HSE Assurance Plan</i>	The EP HSE Assurance Plan forms part of the overall EP Global Business Assurance Plan. The EP Global Business Assurance Plan includes those audits and reviews provided by approved assurance providers as well as the EP risk profiles and annual Business Assurance Letter. Only HSSE Audits performed in accordance with this Standard are included in the EP HSE Assurance Plan.
<i>EP HSE Tracking System [23]</i>	A web based tracking system for the management of actions arriving from HSSE Audits included in the EP HSE Audit Programme.
<i>External HSSE Audit</i>	An External HSSE Audit is an audit led by an Auditor from outside the Group. External HSSE Audits may be used for HSE performance verification purposes, to determine regulatory compliance or to achieve certification of all or part of a HSE MS [21].
<i>HSE or HSSE</i>	HSE in the context of this Standard relates to HSE as defined in the 'Group HSE Policy and Commitment' [27] and HSE related standards [21-40] identified in the Group Annual HSE Assurance Statements.
<i>HSE Audit Programme</i>	An HSE Audit Programme is the risk-based combination of External, Independent, and Internal HSSE Audits that is planned to take place over a stated time frame to provide assurance that the HSE MS is effective. The HSE Audit Programme is an important part of an overall Assurance Plan [21].
<i>Independent HSSE Audits</i>	Audits are 'independent' when they are led by HSSE Auditors who are not from the entity audited and meet the requirements of EP Specification 'Auditor Competency Criteria' [3] and are approved by the EP Business by EP-HSSE.
<i>Internal HSSE Audits</i>	Internal HSSE Audit is the process whereby staff within an entity review the completeness and implementation of all or part of their own HSSE Management System (or it's application through the HSE Case). The leaders should be independent of the operation or installation being audited and shall meet the minimum requirements described in [3]. This is referred to as an "HSSE Self-Assessment" in the new Group Assurance Manual within the HSSE Control Framework.

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Appendix 2: Roles and Responsibilities

A number of the roles and responsibilities are outlined in this Standard and the referenced EP Controlling Documentation. Roles and responsibilities are also documented in EP Specification 'EP2005 HSE Roles and Responsibilities' [13].

The following are the most critical HSE roles and responsibilities:

- Action Party;
- Audit Facilitator;
- Audit Scheduler Shell Internal Audit (SIA);
- Auditee;
- Directorate/Regional (Dir/Reg) Assurance Coordinator;
- (Dir/Reg) Business Assurance Committee (BAC);
- Dir/Reg HSSE Assurance Manager;
- EP HSSE Global Assurance Leadership Team (GALT);
- EP HSSE Global Assurance Leader;
- HSE Adviser;
- HSE Audit Leader;
- Line Manager of Auditee.

Action Party

The person(s) assigned to actions necessary to implement agreed corrective actions arising from the audit.

Audit Facilitator

Person assigned by Auditee to make arrangements for the conduct of the audit including facilities, timetables and logistics.

Audit Scheduler (SIA)

The Audit Scheduler as described in [24, §1]:

- Reports (directly or indirectly via Service Level Agreement (SLA)) to an EP/Dir Assurance Manager;
- Inputs, optimises and maintains audit schedules;
- Assigns personnel onto confirmed audits;
- Provides early warning to responsible EP/Dir Assurance Managers or to Audit Schedulers where scheduling conflicts arise.

Auditee

- Person in the organisation being audited who is responsible for the timely and satisfactory completion of all actions arising from the assurance activity [29];
- The Auditee is expected to coordinate the completion of actions with the 'action parties' and the Assurance Coordinator [29].

Note: The identification of the Auditee is usually obvious however in case of doubt, the Auditee should be selected on the basis that the majority of the anticipated actions will be undertaken by personnel reporting directly or indirectly to that person.

Dir/Reg Assurance Coordinator

Person responsible to coordinate the monitoring and reporting of actions from the assurance activity. The position normally acts as secretary for the relevant BAC [28].

(Dir/Reg) Business Assurance Committee (BAC)

The key roles of a BAC are:

- To endorse Assurance Plans and monitor their execution;

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- To ensure that appropriate actions are taken based on the results of self and independent appraisals;
- To advise on the overall effectiveness of the system of risk and internal control management.

BAC equivalent exist also at Dir/Reg/OpCo/Asset level. For a full description of the roles and responsibilities of the BACs see 'Roles and Responsibilities of Business Assurance Committee (BAC)' [28].

Dir/Reg HSSE Assurance Manager

- Provides assurance to the business that the HSSE controls are being managed in accordance with local, regional, business and group policies through the implementation of a structured HSE Assurance Plan;
- Coordinates & leads the Dir/Reg HSE assurance process to deliver value to the assets through the provision of competent resources and a fit for purpose audit program;
- Assures compliance with legislative requirements, Group policy and the business/HSSE assurance framework;
- Liaises with audit on planning & HSSE staff participation in HSSE related audits;
- Coordinates compilation of business assurance letter (HSE aspects);
- Participate in the business planning process (HSE assurance aspects);
- Maintains & drives the Dir/Reg 5-year rolling HSE Assurance Plan;
- Develops a diverse team of EP approved HSSE Audit Leaders and audit team members in the Dir/Reg;
- Leads HSSE audits and compliance auditing in the Dir/Reg and other Dir/Reg (on reciprocal basis);
- Shares best-practices and transfers of learning from Dir/Reg and EP HSSE Audits and reviews across the Dir/Reg;
- The compilation of the HSE statements of the annual letter of assurance. This to include those required by the Country Chair;
- Ensures HSSE assurance controls are in place;
- Holds leaders to account against the Group, Region, regulatory policy and standards;
- Manages relationships with asset teams/ business Directorates, regulatory and other external bodies on HSE governance matters;
- Interfaces with the Audit Scheduler (SIA) to provide proper data on HSSE Audits and enables resource planning;
- Provides management summaries of all HSSE audit reports to the EP HSSE Global Assurance Leader and thereby enables assurance data to flow to the BAC at Dir/Reg level.

EP HSSE GALT

- Provides independent assurance to businesses regarding the management of HSE risks;
- Steers the Annual Assurance Planning (AAP) process as it relates to HSSE Audits;
- Facilitates HSSE Audits of and within the business;
- Identifies and shares good HSSE management practices throughout EP;
- Maintains the HSSE audit process: this Standard and related controlling documentation and the professional integrity of each HSSE Auditor.

EP HSSE Global Assurance Leader

- Oversees the development / presentation / maintenance of HSE Audit Programmes, and the delivery of analysis / reports to the EP BAC;
- Provides quarterly and annual analysis / reports to the EP BAC and the Group HSSE Risk & Assurance Manager;
- Leads the EP HSSE Global Assurance Leadership Team. Oversees staff recruiting and placement. Approves registration of HSSE Lead Auditor roles as appropriate;
- Ensures staff competence. Ensures team compliance with EP HSSE audit standards. Monitors data integrity and quality of audit delivery;

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- Maintains up-to-date records of registered HSSE Audit Leaders;
- Monitors the use and application of the EP HSE Tracking System [23] with respect to HSSE Audits and approves variances from the rolling 5-year HSSE Audit Programme in conjunction with Group HSSE Risk & Assurance and EP BAC.

HSE Adviser

The HSE Adviser shall:

- Have direct access to senior management;
- An HSSE competent person who meets the relevant regulatory and professional requirements to be able to provide professional HSSE advice;
- Be responsible for the quality and timeliness of HSSE advice;
- Monitor and communicate information on HSSE issues (Shell, national and international, legal requirements, stakeholder concerns) and best practice from internal and external sources;
- Collate HSSE performance reports and maintain HSSE performance data for internal use including input to the review by top management and coordinate the preparation and verification of the annual HSE report;
- Maintain a schedule of HSSE Audits/inspections and participate in the review of findings from audits / inspections / incident investigations.

HSE Audit Leader

- When assigned to the execution of an audit, reports (directly or indirectly) to the respective HSSE Assurance Manager/Leader
- Leads the Audit Team and manages the audit delivery process to achieve stated deliverables, according to the scope and time / cost estimate in agreed TOR;
- Ensures full compliance with EP HSSE audit standards in all steps of the audit process.

Line Manager of Auditee

- The manager of the person being audited and is responsible for ensuring that the Auditee has completed all actions in the assurance activity [29].

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Appendix 3: Audit Packages

Region / Directorate / Company Independent HSE MS Audit

This is a risk/frequency-based audit on a three (3) year cycle as required in the EP2005-0180 Standard. The focus is the completeness and effectiveness of implementation of the management system addressing the health, safety, security and environmental aspects of the region, directorate, company, or other entity. This audit includes a representative sampling of activities, processes, and equipment at respective operating units or facilities.

Asset / Facility Operations Independent HSE MS Audit

This is a risk/frequency-based audit on a three (3) year recommended / five (5) year required cycle as per the EP2005-0180 Standard. The focus is the completeness of the health, safety, security and environmental management system and the effective implementation by the facility / operations / asset. This audit usually includes a detailed testing of the barriers stated in the HSE Case (or equal) to ensure that they are valid (i.e., effective, independent, and audited).

Region / Local / Internal HSE MS or HSE Case Audit

This is a risk/frequency-based audit as established by the HSE MS Owner. It is an internal assessment as to the completeness of the health, safety, security and environmental management system and the effective implementation. This audit usually includes a detailed testing of the barriers stated in the HSE Case (or equal) to ensure that they are valid (i.e., effective, independent, and audited).

Shell Maritime Business Review

A Shell Maritime Business Review (SMBR) is a risk/frequency-based, independent Group assurance product conducted under a Service Level Agreement (SLA) with Shell Trading & Shipping Company (STASCo) that covers all maritime activities. For more information, see SMBR.

Aviation Operations HSE Audit

Under a SLA with Shell Aircraft International, operational, technical and safety audits are conducted as a pre-requisite for the carriage of Shell Group and Contractors' personnel. These audits are campaign-based in that the frequency is determined by a risk assessment of the operation concerned. For more information, see SAI.

Facility Pre-Start-Up HSE Audit (PSUA)

The Pre-Start-Up Audit (PSUA) is a campaign-based (i.e., activity based) audit originally focused on providing assurance that HSSE risks at Start-Up were minimized. However, the PSUA has been broadened to all aspects of Operations Readiness & Assurance (OR&A), including the decision making process for start-up, such that the PSUA now covers all the OR&A aspects essential to successful start-up and sustained operation.

Well Engineering HSE Audit

These are typically campaign-based audits, however there are some longer-term operations in place which are audited on a three (3) year cycle. The focus is the completeness of the health, safety, security and environmental management system and the effective implementation by the well engineering operations.

Seismic HSE Audit

These are typically campaign-based audits, however there are some longer-term operations in place which are audited on a three (3) year cycle. The focus is the completeness of the health, safety, security and environmental management system and the effective implementation by the seismic operations.

Diving HSE Audit

These are typically campaign-based audits, however there are some longer-term operations in place which are audited on a three (3) year cycle. The focus is the completeness of the health,

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safety, security and environmental management system and the effective implementation by the diving operations.

Other HSSE Assurance Products

These audits are discretionary in that they are typically “once-off” specialty audits of a particular aspect of HSSE. For example, these may include audit of Contractor HSE Management, Environmental Management Health, Management, Security, Logistics - Road Transportation, Emergency and Oil Spill Response, Permit-to-Work, Simultaneous Operations, etc.

Provisional HSE MS Audits

The focus is the completeness and effectiveness of implementation of the management system addressing the health, safety, security and environmental aspects of the Joint Venture Company – Not Under Operational Control (JV-NUOC). This audit includes a representative sampling of activities, processes, and equipment at respective operating units or facilities.

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Procedure: Manage the HSSE Audit Process

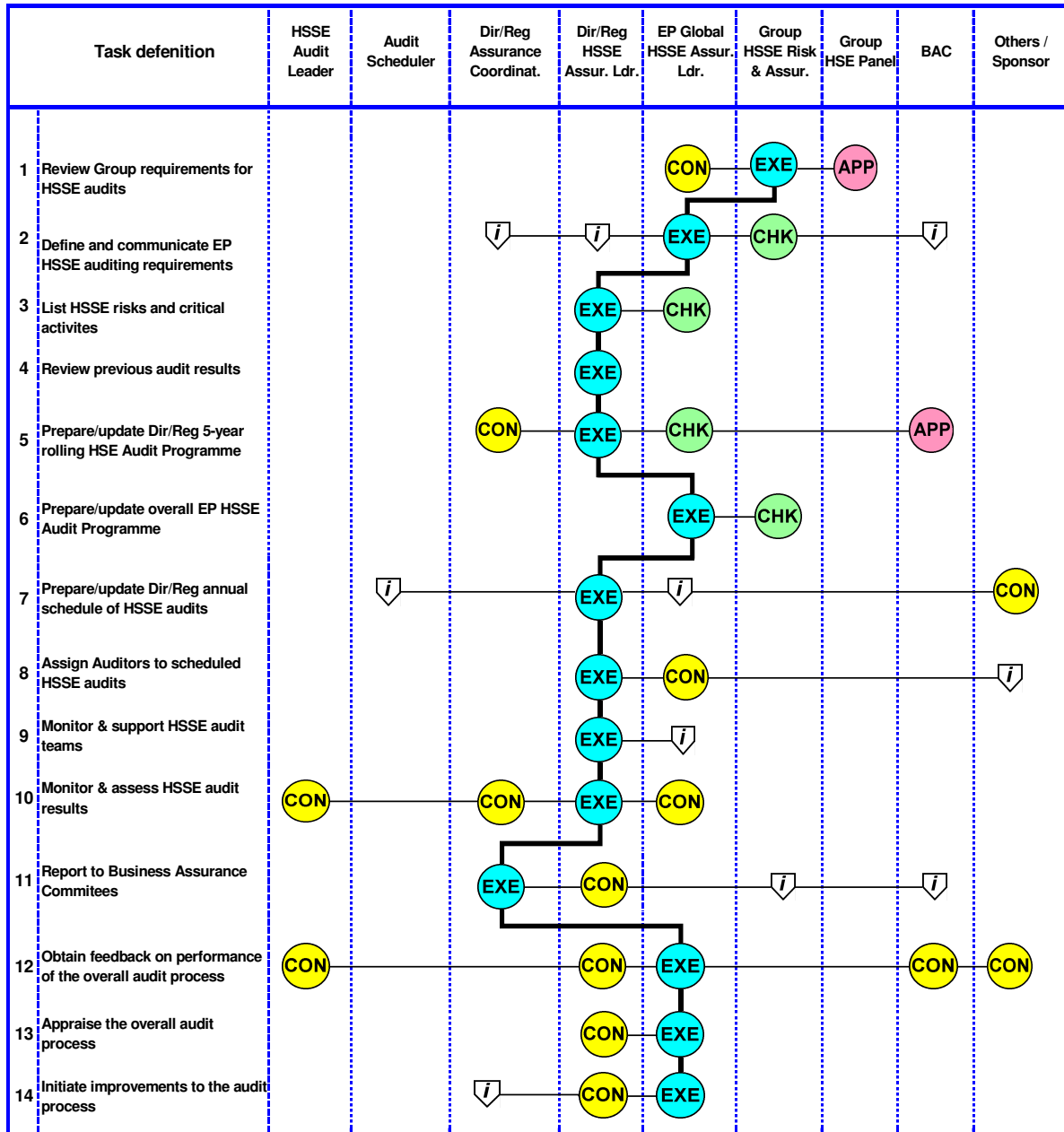
This HSE document may set requirements supplemental to applicable law. However, nothing herein is intended to replace, amend, supersede or otherwise depart from any applicable law relating to the subject matter of this HSE document. In the event of any conflict or contradiction between the provisions of this HSE document and applicable law as to the implementation and governance of this HSE document, the provisions of applicable law shall prevail.






This HSE document shall be subject to formal adoption as specified in EP Standard EP2005-0140-ST [\[7\]](#).

Revision information	Description		
	Replaced Audit Opinion with Control Acceptability and updated position titles.		
Objective	To define, implement, maintain and improve a process for managing the programme of EP HSSE Audits so as to fulfil the relevant Group and EP Business requirements.		
Scope	All HSSE audits within the scope of EP Standard ‘HSSE Auditing’ [1] .		
Risk domain and risk	Risk Domain	Risk(s):	
	1) HSSE 2) Technical Integrity	Insufficient or inadequate controls leading to damage to people, environment, assets and reputation.	
Input to activity	Input	From Activity name / Doc No.	IT system
	Audit findings and findings of other assurance activities	HSSE Audits and Group/EP assurance activities	EP HSSE Tracking System
	Policy and objectives	EP Global / Group leadership	-
	Laws/regulations and standards	Institutes/principles, governments and EP Companies	-

Activity Responsibility Matrix

Roles and responsibilities are documented in EP Specification 'EP2005 HSSE Roles and Responsibilities' [6]. Relevant parts are duplicated in [1, App. 2].



	Execute (executing); Performing a task		Approve (Approving); Approve results
	Contribute (contributory); Contribute to a task		Receiving information
	Check (controlling); Check, verify results		

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Output of activity

Output	To Activity / Doc No.	IT system
Audit Programmes and Schedules	EP Procedure 'Manage the HSSE Audit Organisation' [4]	-
Review Reports	EP Procedure 'Follow-up HSSE Audit Findings' [5]	-

Additional requirements

Task 1: Review Group requirements for HSSE audits

Develop and maintain Group HSSE audit requirements in conjunction with the HSSE Assurance Managers from the businesses including EP. These requirements apply to all Group Companies and other companies with whom the Group has a technical service agreement that includes audit services. The Group HSSE Panel approves these requirements.

Task 2: Define and communicate EP HSSE auditing requirements

On the basis of Task 1, define the EP HSSE audit requirements in [\[1\]](#) and disseminate them to the EP organisation.

Task 3: List HSSE risks and critical activities

List the Directorate/ Regional (Dir/Reg) facilities and activities, which present significant HSSE risk.

In compiling this list use:

- HSSE Cases;
- HSE Management Systems (MS);
- Risk profiles prepared by the EP Business;
- Recent changes to operations, assets, organisation, etc.

Task 4: Review previous audit results

As input to Task 5, identify control weaknesses by reviewing previous audit results and their follow-up to identify significant specific and generic findings and follow-up issues.

Task 5: Prepare/update Dir/Reg 5-year rolling HSSE Audit Programme

1. Create and maintain the Dir/Reg 5-year rolling HSSE Audit Programme for the HSE MSs, activities and assets. This programme is based on but not limited to the outputs of Tasks 3 and 4 and shall comply with EP Specification 'HSSE Audit Frequency and Duration' [\[2\]](#).
2. The level of detail in the programme increases as the audit dates become more immersed as specified in [\[2, §4.2\]](#).
3. Review the programme with the EP Global HSSE Assurance Leader who will check it for consistency with [\[1\]](#) and Group requirements.
4. Submit the programme to the Dir/Reg BAC for approval.
5. Communicate the programme to the Dir/Reg Assurance Coordinator for incorporation into the overall annual audit programme for the Dir/Reg, which addresses all assurance activities, not only HSSE.

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Task 6: Prepare/update overall EP HSSE Audit Programme

Create and maintain an overall EP 5-year rolling HSSE Audit Programme on the basis of the Dir/Reg 5-year rolling HSSE Audit Programmes (Task 5) checking it for consistency with [\[1\]](#) and Group requirements and submit it to the Group HSSE Risk & Assurance Manager.

Task 7: Prepare/update Dir/Reg annual schedule of HSSE audits

For a 12-month rolling look ahead, schedule the dates and durations for the audits in the Dir/Reg 5-year rolling HSSE Audit Programmes. This scheduling is done in consultation with the Auditees. Communicate the outcome to the relevant Audit Scheduler and the EP Global HSSE Assurance Leader.

Task 8: Assign HSSE Auditors to scheduled HSSE audits

- Identify HSSE Audit Leaders and teams to match resource needs of specific audits (e.g. specialist skills) and to satisfy competency requirements of EP Specification 'HSSE Auditor Competence Criteria' [\[3\]](#). HSSE Audit Leaders meeting these competency requirements are listed in the EP Register of HSSE Audit Leaders [\[21\]](#);
- Consult with the EP Global HSSE Assurance Leader where scheduling/ resourcing conflicts arise and where centrally sourced HSSE Audit Leaders or team members are required.

Task 9: Monitor and support HSSE audit teams

Provide any support required by the audit teams in the preparation and execution of audits particularly with respect to issues such as release of team members, security and conflict resolution.

Task 10: Monitor and assess audit results

Dir/Reg HSSE Assurance Leaders:

- Monitor and assess recent audits and progress on follow-up in consultation with the appropriate Dir/Reg Assurance Coordinators;
- Prepare input on status of HSSE Audit Programme and follow-up for quarterly and annual reporting [\[App.1\]](#) to Dir/Reg BACs and submit to the Dir/Reg Assurance Coordinator and EP Global HSSE Assurance Leader.

The EP Global HSSE Assurance Leader:

- Collate the quarterly Dir/Reg BAC submissions and additional HSSE audit information at EP level into an audit status review and submit this to the EP Business Assurance Forum;
- Prepare an 'Annual HSSE Audit and Review Summary Report' for circulation to those responsible for providing assurance on the management of HSSE. This report summarises the outcome of the year's audits and identifies common issues and trends.

Task 11: Report to Business Assurance Committees

The Roles and Responsibilities of the Dir/Reg BACs and the EP BAC are defined in [\[1, App. 2\]](#) and [\[20\]](#).

Dir/Reg Assurance Coordinators report quarterly and annually to the Dir/Reg BACs the HSSE information provided by the Dir/Reg HSSE Assurance Leader in Task 10.

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HSE Procedure		EP2005-0180-PR-10

The EP Governance Manager reports quarterly and annually to the EP BAC the audit status reviews provided by the EP Global HSSE Assurance Leader in Task 10.

Task 12: Obtain feedback on performance of the overall audit process

In consultation with Dir/Reg HSSE Assurance Leaders, prepare and collate learnings on the performance of the EP audit process over the last year. Input to this may be obtained from:

- Quarterly and annual reports to Dir/Reg BACs and EP BAC;
- Dir/Reg BACs;
- EP BAC;
- HSSE Lead Auditors;
- Auditees;
- Regional Support Directors.

Task 13: Appraise the overall audit process

As part of the annual *Management Review* of the HSE MS [8], analyse the learnings and feedback collated in Task 12 and identify opportunities to improve the EP HSSE audit process. Identify changes proposed to be made at the Group level, the EP level and at the Dir/Reg level.

Step 14: Initiate improvements to the audit process

Identify how to initiate the improvements to the HSSE audit process identified in Task 13 and take steps to have the improvements implemented at Dir/Reg, EP or Group levels as appropriate.

Responsibility for implementation of improvements lies with the Directorates.

Records

- Dir/Reg 5-year rolling HSSE Audit Programme;
- Overall EP HSSE Audit Programme;
- Quarterly reports to EP and Dir/Reg BAC;
- Annual reports to EP and Dir/Reg BAC;
- Annual Assurance Plan.

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Related controlling documents

Ref.	Title	Document No.
[1]	EP Standard 'HSSE Auditing'	EP2005-0180-ST
[2]	EP Specification 'HSSE Audit Frequency and Duration'	EP2005-0180-SP-01
[3]	EP Specification 'HSSE Auditor Competence Criteria'	EP2005-0180-SP-03
[4]	EP Procedure 'Manage the HSSE Audit Organisation'	EP2005-0180-PR-20
[5]	EP Procedure 'Follow-up HSSE Audit Findings'	EP2005-0180-PR-40
[6]	EP Specification 'EP2005 HSE Roles and Responsibilities'	EP2005-0103-SP-01
[7]	EP Standard 'HSE Controlling Documentation Management'	EP2005-0140-ST
[8]	EP Standard 'Management Review'	EP2005-0190-ST

Other references

Ref.	Title	Document No.
[20]	'Roles and Responsibilities of Business Assurance Committee (BAC)'; February 2004	SWW
[21]	EP Register of HSSE Audit Leaders	SWW

Appendix 1

HSSE Input to the Business Assurance Committees (BAC) (Refer Task 11).

Quarterly Reporting to Dir/Reg BACs

- Details of progress in executing the audit programme for the previous quarter and the proposed programme for the next quarter;
- Proposed updates to the agreed audit programmes in terms of additions, cancellations and deferrals;
- Results of completed audits including control acceptability, key findings and actions;
- Information on emerging themes and trends arising from audits both within the BAC and across other areas of the business;
- Information on the status of completion of action items arising from audits – exception reports from the EP HSSE Tracking System;
- Summary of feedback results from customers and “lower level” BACs;
- Status of actions from annual assurance statements.

Quarterly Reporting to the EP BAC via EP Assurance Forum

- Summary of progress in executing the audit programme for the previous quarter and the proposed programme for the next quarter;
- Proposed updates to notable audits in terms of additions, cancellations and deferrals;
- Summary of results of completed audits including control acceptability, key findings and actions linked to the identified risks;
- Information on emerging themes and trends arising from audits;
- Summary of management’s response to audit findings and agreed actions;
- Status of actions from annual assurance statements.

Annual Reporting to Dir/Reg BACs

Audit Programme:

- Details of the agreed HSSE Audit Programme for the following year including summary scopes, resource estimates and proposed timings, identifying any reviews;
- The results of the execution of the HSSE Audit Programme for the current year.

Annual Reporting to EP BAC via EP Assurance Forum

Annually, the Global HSSE Assurance Leader will provide the EP BAC with information on:

- HSSE Audit Programme:
 - Summary of the agreed HSSE Audit Programme for the following year;
 - Summary of the results of the execution of the HSSE Audit Programme for the current year.
- HSSE Auditor Competence:
 - Availability of competent resources to meet the agreed audit programme.

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HSE Procedure		EP2005-0180-PR-20

Procedure: Manage the HSE Audit Organisation

This HSE document may set requirements supplemental to applicable law. However, nothing herein is intended to replace, amend, supersede or otherwise depart from any applicable law relating to the subject matter of this HSE document. In the event of any conflict or contradiction between the provisions of this HSE document and applicable law as to the implementation and governance of this HSE document, the provisions of applicable law shall prevail.

This HSE document shall be subject to formal adoption as specified in EP Standard EP2005-0140-ST [6].

Revision information

Description
First issue in EP2005-0000 HSE control framework.

Objective

To ensure that:

- The EP organisation and resources are appropriate and adequate to satisfy the Group and EP HSE audit requirements;
- Enough competent HSE Auditors and HSE Audit Leaders are available to resource EP's planned programme of *Internal HSE Audits* and *Independent HSE Audits*.

Scope

Management of the Global EP HSE audit organisation, including interfaces with Directorate/Regional (Dir/Reg) organisations and the competence of HSE Auditors and HSE Audit Leaders.

Risk domain and risk

Risk Domain	Risk(s):
1) HSE 2) Technical Integrity	Insufficient or inadequate controls leading to damage to people, environment, assets and reputation.

Input to activity

Input	From Activity	IT system
Assurance Plan	EP Business Model EP-03 'Manage EP Business Management System' [20, 03.03.01]	-
Audit Programme	EP Procedure 'Manage the HSE Audit Process' [4]	-
Competence criteria and records	EP Specification 'HSE Auditor Competence Criteria' [3]	-

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Activity Responsibility Matrix

Roles and responsibilities are documented in EP Specification 'EP2005 HSE Roles and Responsibilities' [5]. Relevant parts are duplicated in the EP Standard 'HSE Auditing' [1, App. 2].

Task definition	HSE Auditors	Dir/Reg HSE Assur. Mgr	EP HSE Assur. Mgr	EP HSE Assur. GLT	Group HSE Assur. Adviser	References
1 Implement & maintain an effective EP HSE audit organisation.		CON	EXE	i	i	
2 Implement & maintain effective Dir/Reg HSE audit organisation.		EXE	CON			
3 Develop & maintain Dir/Reg Auditor resourcing plan.		EXE	CON			
4 Train Dir/Reg HSE Auditors and HSE Audit Leaders	CON	EXE	i			
5 Manage Dir/Reg HSE Auditors and HSE Audit Leaders	i	EXE	i			
6 Assure competent EP HSE Audit Leader skill pool		CON	EXE			

EXE	Execute (executing); Performing a task	APP	Approve (Approving); Approve results
CON	Contribute (contributory); Contribute to a task	i	Receiving information
CHK	Check (controlling); Check, verify results		

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Output of activity

Output	To Activity / Doc No.	IT system
EP Register of HSE Audit Leaders	-	-
Competency records	-	-

Additional requirements

Task 1: Implement and maintain an effective EP HSE audit organisation

Ensure that the EP organisation and resources in place and planned are appropriate, competent and adequate to meet the Group and EP HSE audit requirements identified in [4] and to implement effectively the requirements stated in EP Standard 'HSE Auditing'[1].

Advise EP management as appropriate of current and impending organisational and resourcing problems on which it needs to take corrective action.

Task 2: Implement and maintain effective Dir/Reg HSE audit organisations

Ensure that the Dir/Reg organisation and resources in place and planned are competent and adequate to discharge the Dir/Reg obligations, identified in [4] and to implement effectively the Dir/Reg contributions to the requirements stated in [1].

Task 3: Develop and maintain Dir/Reg HSE Auditor resourcing plan

In consultation with the EP HSE Assurance Manager develop and maintain a Dir/Reg 5-year rolling HSE Auditor resourcing plan to ensure continuous availability of sufficient competent HSE Auditors and HSE Audit Leaders to meet the foreseen Dir/Reg HSE auditing needs.

In the plan, include:

- Effect of training and competence development lead times (see [3]);
- Staff turnover and 'time in role' limits.

Base the projected demand for HSE Auditor and HSE Audit Leader resources on:

- Dir/Reg 5-year rolling *HSE Audit Programme* [4, Task 5];
- HSE Audit Frequency & Duration [2];
- Obligations to share auditors between organisations;
- Known / likely changes in business & organisation;
- Advise EP HSE Assurance Manager of updates to this resourcing plan.

Task 4: Train Dir/Reg HSE Auditors and HSE Audit Leaders

- Implement training and competence development programmes for HSE Auditors and HSE Audit Leaders in accordance with the Dir/Reg 5-year rolling HSE Auditor resourcing plan;
- Monitor training progress against the resourcing plan and identify and implement any corrective actions required;
- Assess candidate HSE Auditors and HSE Audit Leaders on completion of training. Nominate successful candidate HSE Audit Leaders to EP HSE Assurance Manager for approval of competence and registration in the EP Register of HSE Audit Leaders [21]. Update resourcing plan.

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Note: Inclusion in [21] denotes that an individual has met the training, competence and all other requirements to lead Independent HSE Audits and Internal HSE Audits.

Task 5: Manage Dir/Reg HSE Auditors and HSE Audit Leaders

Manage the audit workload of HSE Audit Leaders to maintain their registration if required - registration as HSE Audit Leader lapses if no HSE audit is led over any three years / rolling period.

The 'time in role' of full-time HSE Audit Leaders is typically limited to four years from date of registration in [21]. On such retirement of an HSE Audit Leader, update resourcing plan (see Task 3) and advise EP HSE Assurance Manager to update the Register [21].

Task 6: Assure competent EP HSE Audit Leader skill pool

Advise Dir/Reg HSE Assurance Managers of Group and EP Business level information relevant to their Dir/Reg 5 year rolling HSE Auditor resourcing plans.

Maintain overview of current and projected HSE Audit Leader resourcing in EP based on Dir/Reg 5-year rolling HSE Auditor resourcing plans. Intervene as necessary to ensure continued availability of enough competent HSE Audit Leaders for the EP *Independent HSE Audits and Internal HSE Audit Programme*.

Consider nominations from Dir/Reg HSE Assurance Managers for approval and registration as HSE Audit Leader (Task 4). If approved, update the Register [21] and advise Dir/Reg HSE Assurance Managers and the individual leader concerned. If rejected, advise the relevant Dir/Reg HSE Assurance Managers of the reason(s) and propose further appropriate action.

Records

Key records include:

- EP Register of HSE Audit Leaders

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Related controlling documents

Ref.	Title	Document No.
[1]	EP Standard 'HSE Auditing'	EP2005-0180-ST
[2]	EP Specification 'HSE Audit Frequency and Duration'	EP2005-0180-SP-01
[3]	EP Specification 'HSE Auditor Competence Criteria'	EP2005-0180-SP-03
[4]	EP Procedure 'Manage the HSE Audit Process'	EP2005-0180-PR-10
[5]	EP Specification 'EP2005 HSE Roles and Responsibilities'	EP2005-0103-SP-01
[6]	EP Standard 'HSE Controlling Documentation Management'	EP2005-0140-ST

Other references

Ref.	Title	Document No.
[20]	EP Business Model EP-03 'Manage EP Business Management System'	SWW
[21]	EP Register of HSE Audit Leaders	SWW

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Procedure: Conducting HSSE Audits

This HSE document may set requirements supplemental to applicable law. However, nothing herein is intended to replace, amend, supersede or otherwise depart from any applicable law relating to the subject matter of this HSE document. In the event of any conflict or contradiction between the provisions of this HSE document and applicable law as to the implementation and governance of this HSE document, the provisions of applicable law shall prevail.

This HSE document shall be subject to formal adoption as specified in EP Standard EP2005-0140-ST [\[7\]](#).

Revision information

Description
Replace Audit Opinion with Control Acceptability

Objectives

To ensure that each HSSE audit:

- Verifies that structured risk assessment has been applied to the key HSSE risks of the facility, activity or business, that these risks have been appropriately assessed, and that effective controls have been identified and implemented;
- Is efficiently, effectively and consistently planned and conducted;
- Is independent and objective;
- Delivers an accurate, objective, clear, concise, constructive, complete and timely record of the audit results;
- Provides verification of the effectiveness of the HSE Management System (MS);
- Provides an overall assessment of HSSE controls against specific standards using a defined technique;
- Gathers and disseminates relevant best practices.

Scope

- Preparing, scheduling, conducting and reporting all HSSE audits within the scope of EP Standard 'HSSE Auditing' [\[1\]](#).

Risk area and description

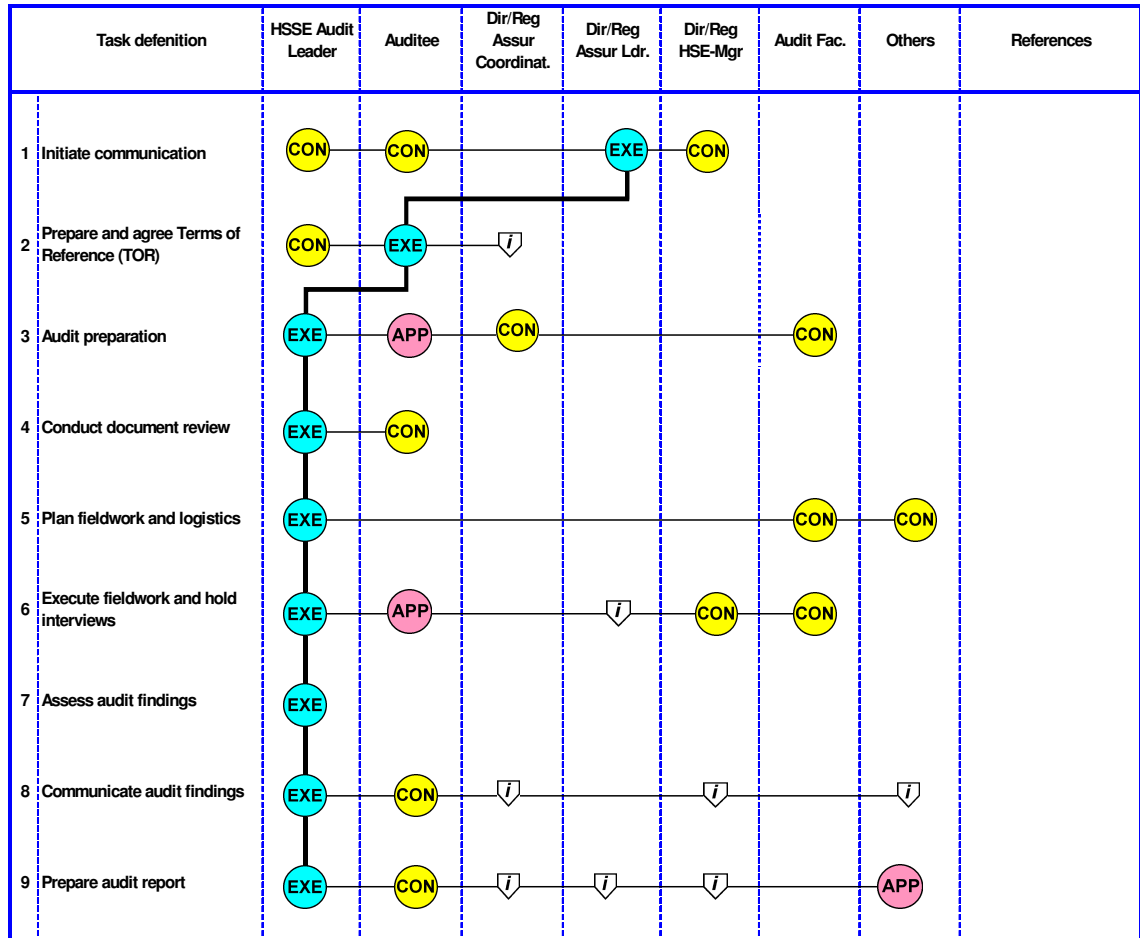
Risk Domain:	Description (risk):
1) HSSE	Insufficient or inadequate controls leading to damage to people, environment, assets and reputation.
2) Technical Integrity	






Input to activity

Input:	From Activity:	IT system
Group Procedure for an HSE MS	Group HSE MS	-
Group (YG) 'HSE Auditing Guidelines' [21]		

Activity Responsibility Matrix

Roles and responsibilities are documented in EP Specification 'EP2005 HSE Roles and Responsibilities' [6]. Relevant parts are duplicated in [1, App. 2].



	Execute (executing); Performing a task		Approve (Approving); Approve results
	Contribute (contributory); Contribute to a task		Receiving information
	Check (controlling); Check, verify results		

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Output of activity

Output	To Activity / Doc No.	IT system
-	-	-

Additional requirements

Task 1: Initiate communication

Advise the Directorate/Regional (Dir/Reg) HSSE Assurance Coordinator of the HSSE Audit Leader and audit team members for specific audits identified in Task 8 of EP Procedure 'Manage the HSSE Audit Process' [3].

The Dir/Reg HSSE Assurance Leader initiates the audit preparation phase by liaising with the HSSE Audit Leader and Auditee where possible at least 3 months before the planned audit date to confirm the planned audit date, duration and auditors. Lines of communication for the audit preparation phase between the Auditee, HSSE Audit Leader, Dir/Reg HSSE Assurance Leader and Line Organisation under audit are agreed.

Task 2: Prepare and agree Terms of Reference

- Draft the Terms of Reference (TOR) in consultation with the HSSE Audit Leader. If expressly agreed between Auditee and HSSE Audit Leader, then the HSSE Audit Leader may take the lead (EXE) role in this Task;
- Base the TOR on the template provided in Audit Tool [4] and include the audit objective, scope, standards, Auditee, team members, audit methodology, start date, duration and reporting requirements;
- The TOR must be agreed between Auditee and HSE Audit Leader prior to the start of the audit, otherwise the audit must be deferred until such time that agreement is reached. The TOR should be agreed at least one month prior to the audit start since material changes may affect the audit team composition required.

Task 3: Audit preparation

Conduct pre-mobilisation preparations:

- Prepare a budget and obtain approval from Auditee;
- Contact the audit team members and communicate the audit approach and expectations, logistics, responsibilities for arranging travel, accommodation, medical inoculations, special training or equipment e.g. HUET, etc;
- Plan audit team / sub-team work breakdowns on basis of TOR and individual team members' skills/CVs. Advise Dir/Reg HSSE Assurance Leader in case of material mismatch to take action to revise TOR or team composition;
- Prepare team orientation, audit procedure and individual work breakdown briefings as needed;
- Prepare opening presentation to Auditee and local staff as needed;
- Consult with Auditee and/or Dir/Reg HSSE Assurance Coordinator to identify local Audit Facilitator. Consult with Audit Facilitator to:
 - Ensure provision of facilities needed by audit team on location(s);
 - Prepare outline audit schedule showing main activity blocks and key milestones;
 - Arrange domestic arrangements as needed e.g. travel, accommodation, local security needs;

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- Arrange access to key documents for pre-mobilisation review.

Task 4: Conduct document review

Review documents with attention to:

- Statements of policy;
- Statutory requirements;
- Group and EP Standards;
- EP Controlling Documentation;
- Records such as reports, investigations, studies and minutes of meetings.

Note: Tasks 3 & 4 should be carried out prior to team mobilisation to the audit locations but practicalities of document access and team availability often result in them being done on location post-mobilisation.

Begin the review with the highest-level policy documents, such as the company HSSE policy statement, followed by all the other levels of EP Controlling Documentation, including references, EP work instructions and records. The objective is to try to find a convincing degree of consistency and continuity in the documents, such that in totality the necessary controls, procedures and instructions are seen to represent a transparent cascade of EP Company requirements, all the way to the operational workplace(s).

Task 5: Plan field work and logistics

In consultation with audit team members and the local Audit Facilitator prepare an interview list and schedule reflecting the TOR and the audit sub-team structure and individual work breakdowns devised in Task 3. Plan interviews for each location to be visited during the audit as appropriate.

Task 6: Execute fieldwork and hold interviews

Start the audit execution phase with an opening meeting with the Auditee. This meeting serves as an introduction between the parties and shares expectations regarding the HSSE Audit Programme and approach. The HSSE Audit Leader presents the TOR, which should be formally endorsed by the Auditee. Material changes to the TOR at this stage should be avoided.

A technical orientation presentation by the Auditee's organisation is commonly made.

The audit progresses with reviewing, testing, and appraising the control framework areas indicated in the TOR. Interviews, document reviews, and site visits are usually required to develop a complete understanding. By agreement with local site management emergency response exercises may be held during the site visits.

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Task 7: Assess audit findings

Classify audit findings in accordance with the definitions in EP Specification 'Findings Assessment and Evaluation Criteria' [2] and using the Group (YG) 'Risk Assessment Matrix' (RAM) [22]. The detailing of each audit finding in the report shall be adequate to enable the Auditee to gain a proper appreciation of the weakness. The audit team evaluated the acceptability of controls based on the methodology in [2] and if requested by the Auditee, conducts an assessment of the HSE MS maturity using the EP 'HSE Self Assessment Questionnaire' [8].

Task 8: Communicate audit findings

Deliver the closing presentation to the Auditee in the presence of the audit team. The Auditee selects and invites the audience for the closing presentation.

The audit closeout presentation should include:

- An overview of the original scope / TOR for the audit and any material revisions which were agreed during the course of the audit;
- An outline of the work that was done (and not done) on the audit;
- Coverage of each of the significant findings and key recommendations;
- In accordance with [2], deal with 'Serious' audit findings in specific detail;
- Presentation of the control acceptability for the identified Risk Areas;
- Review of the 'next steps' in terms of report finalisation and issue. Highlight the Auditee's responsibility for action follow-up and monitoring;

Task 9: Prepare audit report

The final report shall be based on the template provided in Audit Tool [4]. At the time of the closing presentation, the audit report shall be considered complete. After that time, only editorial changes can be made to the report. Before leaving the audit location, a 'draft' audit report should be given to the Auditee for information with the 'final' report issued within two weeks. Before release, the report will be subject to a quality check by a registered HSSE Audit Leader not involved in the audit.

If the Auditee chooses to include actions, target dates and action parties [5], then these should be inserted (i.e., not replace the recommendations) in the report.

Distribution of the report shall be as specified in the TOR using the template provided in Audit Tool [4]. Any additional distribution is the responsibility of the Auditee.

The report shall be classified as 'Confidential' unless the Auditee or relevant BAC advises a lower security classification.

Records

Key records include:

- TOR (in audit report);
- Final audit report.

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Related EP Controlling Documentation

#	Title	Number
[1]	EP Standard 'HSSE Auditing'	EP2005-0180-ST
[2]	EP Specification 'Findings Assessment and Evaluation Criteria'	EP2005-0180-SP-02
[3]	EP Procedure 'Manage the HSSE Audit Process'	EP2005-0180-PR-10
[4]	EP HSSE Audit Tool	SWW
[5]	EP Procedure 'Follow-up HSSE Audit Findings'	EP2005-0180-PR-40
[6]	EP Specification 'EP2005 HSE Roles and Responsibilities'	EP2005-0103-SP-01
[7]	EP Standard 'HSE Controlling Documentation Management'	EP2005-0140-ST
[8]	EP Tool 'Self Assessment Questionnaire'; Rev.01.1	EP95-0105

Other references

#	Title	Number
[21]	Group (YG) ¹ 'Group HSE Audit Guidelines', 2001	SWW
[22]	Group (YG) ¹ 'Risk Assessment Matrix' (RAM), 1999	SWW

¹ Group Yellow Guide, issued by the Health, Safety and Environment Advisers Panel

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HSE Procedure		EP2005-0180-PR-40

Procedure: Follow-up HSSE Audit Findings

This HSE document may set requirements supplemental to applicable law. However, nothing herein is intended to replace, amend, supersede or otherwise depart from any applicable law relating to the subject matter of this HSE document. In the event of any conflict or contradiction between the provisions of this HSE document and applicable law as to the implementation and governance of this HSE document, the provisions of applicable law shall prevail.

This HSE document shall be subject to formal adoption as specified in EP Standard EP2005-0140-ST [\[11\]](#).

Important Note

This Procedure complies with the EP Procedure 'Activity Assurance Action Tracking Process' [\[22\]](#) which is applicable to all EP assurance products which is form part of the EP Global Business Assurance Plan. EP assurance products include HSSE audits & reviews undertaken in accordance with EP Standard 'HSE Auditing' [\[1\]](#).

Revision information

Description
Removed references to Audit Opinions

Objective

To provide assurance that all EP assurance activity recommendations and actions are:

- Assigned to action parties (by management) commensurate with the severity and risks identified;
- Appropriately tracked to highlight progress and status to management and other relevant parties;
- Maintained in an appropriate database to support retrieval, reporting and dissemination of learning points or good practice;
- Appropriately actioned and addressed in accordance with the original recommendations and timings;
- Clearly supported by an appropriate level of documentation and authorisation.

Scope

Follow-up of findings from all HSSE audits within the scope of EP Standard 'HSE Auditing' [\[1\]](#).

Risk domain and risk

Risk Domain	Risk(s):
1) HSSE	Insufficient or inadequate controls leading to damage to people, environment, assets and reputation.
2) Technical Integrity	
Legal	Inability to maintain licence to operate
Information	Incomplete lateral learning.

Input to activity

Input	From Activity name / Doc No.	IT system
Audit findings	EP2005 Procedure 'Conducting HSSE Audits' [2] .	EP HSE Tracking System [21]

Activity Responsibility Matrix

Roles and responsibilities are documented in EP Specification 'EP2005 HSE Roles and Responsibilities' [3]. Relevant parts are duplicated in [App 1].

	Task definition	Business Assurance Committee BAC	Line Manager of Auditee	Auditee	Dir/Reg Assurance Coord.	Line Manager of Action Party	Action Party	Dir/Reg HSE Assur Ldr.	Others	References
1	Assess audit findings		CON	EXE	CHK	CON	CON			
2	Record actions		i	CON	EXE	i	i			
3	Execute action		i			CHK	EXE			
4	Monitor and review progress for change		i	EXE	CON	CON	CON			
5	Seek Changes			EXE	CON	CON	CON			
6	Prepare action follow-up status report	i	i	CON	EXE					
7	Review progress	EXE								
8	Approve changes to original action	APP	APP	CON	EXE	i	i			
9	Notify completion of action			i	i	CHK	EXE			
10	Agree closeout of action			EXE			CON			
11	Endorse closeout of action	APP	APP	APP	EXE					
12	Agree closeout of report		CON	EXE	CON					
13	Endorse closeout of report	APP	APP	EXE						
14	Register closeout in system			i	CHK	EXE				
For HSSE only										
15	Identify and disseminate HLV and lessons learned			CON	i	CON	CON	EXE		
16	Follow-up HLV lesson learned from elsewhere					CON		EXE		

Tasks 1 – 14 of this matrix are extracted from [22] and apply to all EP assurance products, which include HSSE audits and reviews undertaken in accordance with [1].

EXE	Execute (executing); Performing a task	APP	Approve (Approving); Approve results
CON	Contribute (contributory); Contribute to a task	i	Receiving information
CHK	Check (controlling); Check, verify results		

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Output of activity

Output	To	IT system
Closed-out action items	-	Fountain
Close-out report	-	-

Additional requirements supplementary comments

Task 1: Assess audit findings

Assess audit findings and take note of severity, scope and actions and then assign and agree with the Action Party and their Line Manager proposed actions and completion due date.

For HSE

Identify the need for additional investigation or assessment, which may be needed prior to or during Tasks 2 and 3. If there is disagreement concerning the content of the audit report, the Auditee should document necessary approvals [\[App. 2, Table 2.1\]](#).

Closeout timings for actions relating to 'Serious' and 'High' findings shall be confirmed by the supervisor of the Auditee, immediately following the audit closing presentation. Action items should be closed out as soon as practicable. The severity level of the findings and the increasing risk by prolonging close out (particularly to 'Serious' and 'High' findings) shall be reflected in the closeout timings. Typically and where practical 'Serious' findings should be closed out within 1 month, while 'High' findings should be closed out within 3 months.

For each action, identify in accordance with [\[App. 1\]](#) the following parties for subsequent recording in the EP HSE Tracking System [\[21\]](#):

- 'Action Party';
- 'Action Approver';
- 'A Verifier' (optional).

As part of the annual assurance process, any 'High' or 'Serious' items not closed out within 12 months of the audit being completed must be reported as a qualification in the annual HSE Assurance Letter.

Tasks 15 and 16 describe the further management and dissemination of High Learning Values (HLVs)..

Task 2: Record actions

Load findings into Fountain, if not automatically uploaded or loaded by Assurance Providers.

For HSSE

Enter all information about the audit, including the audit report itself, into the EP HSE Tracking System [\[21\]](#). Advise the Dir/Reg HSSE Assurance Leader that the audit findings are in [\[21\]](#) and indicate any potential HLV items for follow-up in other OpCos.

Task 3: Execute action

Identify the necessary steps and approvals (if required) to implement action and execute action. The action progress is regularly checked and supported by their Line Manager and monitored by the Auditee.

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For HSSE

Review assigned findings and recommendations. Either agree to the recommended action from the audit report or, in consultation with the Auditee, Dir/Reg Assurance Coordinator and appropriate specialists, agree an alternative action to satisfy the intent of the finding. Dir/Reg Assurance Coordinator records information in Fountain including any such agreed alternative action and the target completion dates for the action.

Task 4: Monitor and review progress for change

Monitor and review progress (*for HSSE refer to [App. 3]*), against plan of all actions together with the Action Parties and, where appropriate, the Assurance Coordinator and the Action Party Line Manager.

Task 5: Seek Changes

Flag the need to make any change to the original action, e.g. delay in completion date, change in scope, change in action party or change to action plan and request approval for changes dependent on severity (*for HSSE refer to [App. 2, Table 2.1]*).

Task 6: Prepare action follow-up status report

Prepare action follow up status report for input to the BAC as part of a structured agenda.

Task 7: Review progress

Review progress on a severity rating / control acceptability basis including items in the EP Top 50 &/or past due date. This includes proposals to any changes to original agreed actions identified in Task 5.

Task 8: Approve changes to original action

Obtain approval of the appropriate party (*for HSSE refer to [App. 2, Table 2.1]*), and enter the change into the tracking system together with supporting evidence, e.g. BAC minutes.

Task 9: Notify completion of action

Inform Line Manager, Auditee and Assurance Coordinator that action is complete.

For HSSE

Verification of actions taken as in *[App. 2, Table 2.1]*.

Task 10: Agree closeout actions

Review the actions taken to close out and close out.

Task 11: Endorse close out of action

Obtain endorsement of the appropriate party, dependent upon the severity of the action. Provide BACs with a summary statistical report highlighting closure and, on an exception basis, review closure of specific actions.

For HSSE

Although the Dir/Reg Assurance Coordinator is responsible for executing this Task, the Auditee is accountable for the successful closeout of actions and audits with *[App. 2, Table 2.2]*. This accountability cannot be delegated.

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The status of audits and progress towards audit closeout will be recorded in EP HSE Tracking System [21] and be accessible to the Dir/Reg HSSE Assurance Leader and the EP Global HSSE Assurance Leader for reporting to the BACs.

Task 12: Agree close out report

Review and confirm that all of the actions have been completed.

Task 13: Endorse close out of report

Obtain endorsement of the appropriate party, dependent upon the classification of findings, to close out the report in (*for HSSE refer to [App. 2, Table 2.2](#)*). Monitor and report.

Task 14: Register close out in system

Register the appropriate evidence of completion and close out the report in the tracking system.

Additional Tasks for HSE

Task 15 : Identify and disseminate HLV lessons learned

Review all the audit findings and identify/select HLVs for dissemination based on information provided in Task 2. Update the audit record in [21] as 'Reviewed with HLV' or 'Reviewed with no HLV' as appropriate.

Select and notify appropriate HSE Managers/Advisers and the EP Global HSSE Assurance Leader of the HLV lessons learned. Enter safety alerts and descriptions of HLV items into the EP HSSE web.

Task 16: Follow up of HLV lessons learned from elsewhere

The HSE Managers/Advisers notified in Task 15 and the EP Global HSSE Assurance Leader review the HLV lessons learned and associated audit findings and decide what action is required. Auditable proof of the review shall be recorded. Corresponding actions are agreed with relevant line management (who are accountable for implementation of lateral learning's from HLV items), recorded, implemented and formally closed with the same rigour as other findings from the audit. An audit cannot be closed (Task 12) until all HLVs from it have been disseminated in accordance with this Procedure and formally closed in [21].

Records

Records shall be kept from the documentation of items that have been closed out and retained for possible inspection during subsequent audits [21].

Related controlling documents

#	Title	Document No.
[1]	EP Standard 'HSE Auditing'	EP2005-0180-ST
[2]	EP Procedure 'Conducting HSE Audits'	EP2005-0180-PR-30
[3]	EP Specification 'EP2005 HSE Roles and Responsibilities'	EP2005-0103-SP-01
[4]	EP Standard 'HSE Controlling Documentation Management'	EP2005-0140-ST

Other references

Ref.	Title	Document No.
[21]	EP HSE Tracking System; 2005	SWW
[22]	Group 'Fountain Assurance Action Tracking Procedure'	SWW

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Appendix 1: Role Descriptions

Role	Description
Action Party	The employee assigned to execute an assigned action.
Assurance Coordinator	The employee, who can be a BAC Secretary, responsible for monitoring and reporting actions from the assurance activity.
Auditee	The nominated employee being audited who is responsible for the assignment, as well as timely and satisfactory completion, of all actions arising from the approved Assurance Product.
Business Assurance Committee	Monitors the execution of the annual Assurance Plan and ensures that appropriate actions are taken based on the results of the individual assurance activities therein. A structure of BACs exists at each level of EP (e.g. business, region, function and Opco).
Decision Review Board (VARs only)	Reviews those decisions proposed by work teams, if within their mandate, prior to any actions being taken. If necessary, any issue outwith the DRB mandate will be referred to the appropriate level of the organisation for authorisation.
Line Manager of Action Party	The manager of the employee assigned an action.
Line Manager of Auditee	The manager of the employee being audited, responsible for ensuring that the Auditee has satisfactorily completed all actions.
Project Delivery Assurance Board (PERTS Only)	Endorses the project assurance plan and ensures adequate follow-up to VAR4s and PERTs during the project execution phase. Validates Project Dashboard including PERT & audit recommendations. Provides forum for Project Manager to seek help in resolving issues. Signs off Project GIPs & amendments, Capital Allocation Vol2 (or equivalent) & annual assurance letters before submission for formal line approval.

Appendix 2: Criteria for Closeout & Changes

Authorities for the various tasks and approvals involves in implementing corrective actions arising from audit findings are given in Table 2.1 below.

Table 2.1 Table of Authorities

No	Topic	Risk Rating			
		Serious	High	Medium	Low *
1	Completion dates				
1.1	Approval of changes proposed to target completion dates for closeout of finding / audit action(s). Includes slippage if target dates not changed.	Member of Business Assurance Committee - next level up	Relevant BAC	Auditee's Line Manager	Auditee
1.2	Review & Monitor progress of closeout.	[App. 3]	[App. 3]		
2	Action items				
2.1	Rejection/Variance of recommended actions or deviations from recommended actions	Member of Business Assurance Committee - next level up.	Business Assurance Committee	Auditee	Assurance Coordinator
	<u>Demonstration of closure</u>				
2.2	Agreement to closure Confirmation that corrective action has been taken and that satisfactory evidence is available to demonstrate this	Auditee ¹ If Auditee is Action Party, then Auditee Line Manager	Auditee ¹	Supervisor of Action Party ¹	No specific requirements
2.3	Evidence of closeout (Provided and retained by Action Party)	Documented evidence of closeout and or photographs	Documented evidence of closeout and or photographs	Description of how closeout was substantiated	No specific requirements
2.4	Verification 1) Specification on whether or not verification is required to demonstrate closed out actions continue to be effective for a period after closeout 2) Identification of verification party	Auditee	Auditee	Auditee	Auditee
2.5	Endorsement of closure	Closeout after approval by a member of the next level up BAC	Closeout after approval by Auditee	Closeout after approval Auditee	Closeout after approval by Auditee
3	Records				
3.1	Records shall be kept in the EP HSE Tracking System [21]. This includes evidence of approvals.	Auditee	Auditee	Supervisor of Action Party	No specific requirements
* Low level findings: need not be included in the audit report but shall be tracked.					

Table 2.2: Endorsements for Closures and Changes

Action Severity	Changes to Action/Action Party/Due date (including 'No Action') ³	Demonstration and Approval of Closure of Actions ³	Demonstration and Approval of Closure of Reports containing Action Severity ⁴
Serious	For All: Confirmation by the next level up BAC <i>(for VARs prior agreement of DRB, for PERTs prior agreement of PDAB).</i> Approval by Auditee's Line Manager.	Demonstration by Action Party ¹ (with Line Manager support, if required) Approval to Closure by Auditee ² Confirmation of Closure by next level up BAC	For All: Confirmation by the next level BAC <i>(For VARs, prior agreement of DRB, for PERTs prior agreement of PDAB)</i> Approval by Auditee's Line Manager
High	For All: Confirmation by the relevant BAC. <i>(For VARs prior agreement of DRB, for PERTs prior agreement of PDAB).</i> Approval by Auditee's Line Manager.	Demonstration by Action Party ¹ (with Line Manager support, if required) Approval to Closure by Auditee ² Confirmation of Closure by BAC	For All: Confirmation by the relevant BAC. <i>(For VARs prior agreement of DRB, for PERTs prior agreement of PDAB).</i> Approval by Auditee's Line Manager.
Medium	Approval by Auditee's Line Manager.	Demonstration by Action Party ¹ (with Line Manager support, if required) Approval to Closure Auditee	Approval by Auditee's Line Manager.
Low	Approval by Auditee.	Demonstration by Action Party	Approval by Auditee.

1 Evidence of close out retained by Action Party

2. if Auditee is Action Party, then Auditee Line Manager

3. Given the potential volume of action items it is recommended that BACs manage on an 'exception basis' with focus and attention on selected serious/high actions. The selection will be agreed, in advance of the respective BAC, by the Committee's senior finance representative together with the BAC Secretary and SIA Manager.

4. Given the potential volume of audits/reviews and it is recommended that BACs manage on an 'exception basis' with focus and attention on selected top 50/Notable audit. The selection will be agreed, in advance of the respective BAC, by the Committee's senior finance representative together with the BAC Secretary and SIA Manager.

Appendix 3: Monitoring and Reporting

Type	Asset/Function/ Directorate BAC	Regional / Business BAC	EP BAC
Assurance Plan Activities	Monitor planning, execution & follow up of all assurance activities as included on their Annual Assurance Plan (emphasis on EP Top 50).	Monitor planning, execution & follow up of all assurance activities as included on their Annual Assurance Plan (emphasis on EP Top 50).	Monitor planning, execution & follow up of all assurance activities as included on their Annual Assurance Plan (emphasis on EP Top 50).
		Monitor follow-up of all risk areas evaluated as 'controls need major improvement' from BU/function/ directorate BACs	Monitor follow-up of risk areas evaluated as 'controls need major improvement' from Region/Business BAC.
		Monitor follow-up of all serious/high actions from Asset BAC.	Monitor follow-up of all serious/high actions from Region/Business BAC.
Assurance Plan Activities	Monitor planning, execution & follow up of all assurance activities as included on EP Annual Assurance Plan (emphasis on EP Top 50 audits).	Monitor planning, execution & follow up of all assurance activities as included on their Annual Assurance Plan (emphasis on EP Top 50 audits).	Monitor planning, execution & follow up of all assurance activities as included on their Annual Assurance Plan (emphasis on EP Top 50 audits).
	Monitor follow-up of all risk areas evaluated as 'controls need major improvement' from Region/Business BAC (emphasis on EP Top 50 audits).	Monitor follow-up of all risk areas evaluated as 'controls need major improvement' from Opco BACs.	
	Monitor follow-up of all serious/high actions from Region/Business BAC (emphasis on EP Top 50 audits).	Monitor follow-up of all serious/high actions from Opco BAC.	
Business Controls Incident (BCI)	Monitor execution & follow up of all Group Reportable BCI actions.	Monitor execution & follow up of all own BCI actions, including those reported by Opco BACs.	Monitor execution & follow up of all own BCI actions.
Risk Profile	Monitor own BAL exceptions.	Monitor own Risk Profile & Register items.	Monitor own Risk Profile & Register items.
	Monitor significant risk items from Region/Function that impact on regional business objectives.	Monitor significant risk items from Opco that impact on regional business objectives.	
Business Assurance Letters	Monitor own BAL qualifications.	Monitor own BAL qualifications.	Monitor own BAL qualifications.
	Monitor significant BAL qualifications from Region/Function on Business BAL submission.	Monitor significant BAL qualifications from Opco on Region/Function BAL submission.	

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HSE Specification		EP2005-0180-SP-01

SPECIFICATION: HSSE AUDIT FREQUENCY AND DURATION

This HSE document may set requirements supplemental to applicable law. However, nothing herein is intended to replace, amend, supersede or otherwise depart from any applicable law relating to the subject matter of this HSE document. In the event of any conflict or contradiction between the provisions of this HSE document and applicable law as to the implementation and governance of this HSE document, the provisions of applicable law shall prevail.

This HSE document shall be subject to formal adoption as specified in EP Standard EP2005-0140-ST [\[4\]](#).

0. Revision Information

Revised §4.3 to allow for the future use of the Group 'Assurance Prioritisation Tool' and Table 4.5 to reflect current audit types.

1. Scope

This Specification defines the basis on which the frequency and duration of the different types of HSSE audits, which form part of the EP HSSE Assurance Plan, are selected. It provides key inputs to the audit planning and auditor resourcing processes, and applies to all HSSE audits within the scope of EP Standard 'HSSE Auditing' [\[1\]](#).

This Specification is one of a number of EP Controlling Documents that support [\[1\]](#).

2. External Requirements

HSE Management Systems (MS) or Business MSs, which include HSSE, are frequently required by regulators and require HSSE Audit Programmes.

3. External References

None.

4. EP Specification

The requirement for an HSE MS is described in the Group 'HSE Policy and Commitment' [\[5\]](#). The supporting 'Group Procedure for an HSE Management System' [\[6\]](#) requires that an HSSE Audit Programme shall be in place.

The basis of planning for HSSE auditing is provided by the Group HSE Panel through the Group HSSE Risk & Assurance Manager and described in the Group (YG) 'HSE Audit Guidelines' [\[7\]](#), that are based on the Shell Internal Audit Methodology [\[8\]](#). The requirements for EP HSSE auditing are further defined in [\[1\]](#).

4.1 HSSE Audit Philosophy and Programme

An audit philosophy reflecting HSSE risk-based criteria provides the basis for an effective and efficient HSSE Audit Programme.

For quality assurance purposes, HSSE Audits may be subject to review and endorsement by an approved EP HSSE Audit Leader.

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4.2 Formulation of 5-year Rolling HSSE Audit Programmes

Both the EP and Directorate/Regional (Dir/Reg) levels shall maintain a 5-year rolling HSSE Audit Programme. There shall be demonstrable continuity in each annual update of the 5-year rolling programme.

4.3 Frequency of HSSE Audits

The default frequencies for HSSE Audits are shown in Table 4.5. These frequencies may be 1) increased (i.e., the interval between audits reduced) if 'controls need major improvement' [3] are found in from the previous audit of the same class and covering similar scope or, 2) decreased (i.e., the interval between audits increased) if so determined using an approved risk evaluation tool.

4.4 Duration of HSSE Audits

Default audit durations are shown in Table 4.5. These are based on the typical scopes for the relevant audit type. In recommending these default durations it is assumed that the audit preparation as described in Task 3 and 4 of EP Procedure 'Conducting HSSE Audits' [2], are done prior to the start of the audit. These include:

- Planning of the audit;
- Initial document review;
- Preparing the work breakdown details and work programme;
- Preparing the detailed handouts for each team member, including their individual interview questionnaires and working tables for reporting findings;
- Preparing the opening presentation;
- Preparing team brief presentations applicable to the particular audit type and team experience;
- Establishing the structure for the final report and the structure for the closeout presentation.

One further day will typically be required by the HSSE Audit Leader after completion of the audit to finalise the report. Thus, the total chargeable time for an HSSE Audit Leader will comprise:

- Preparation time - 4 days minimum (by HSSE Audit Leader);
- Travel time - Depending upon audit location;
- Audit - Refer to guidelines in Table 4.5;
- Report finalisation - 1-day minimum.

Audit duration shall always include time for the audit team to complete:

- Final draft report that is supported by the team;
- Presentation of principal findings and recommendations.

Deviations from these guidelines may be justified following detailed consideration of the Terms of Reference (TOR), scope and the audit team composition, and require approval by the HSSE Audit Leader.

4.5 Default Frequency and Duration for HSSE Audits

Default audit frequencies and durations are shown in Table 4.5 below. These default values may be modified as described in §4.3 and §4.4.

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Table 4.5 Leadership and default frequency and duration for HSSE audits

Audit	Frequency	Duration of audit (days)	EP Registered HSSE Audit Leader from :
Region / Directorate / Company Independent HSE MS Audit (including Provisional HSSE Audits of JVs)	3 years	15	Outside the Region/Directorate
Asset / Facility Operations Independent HSE MS Audit	5 years	15	Outside ¹ the Directorate and audited entity
Region / Local / Internal HSE MS or HSE Case Audit	At least once in between independent audits	variable	Within the audited entity is OK, but outside is preferred
HSSE Audits of entities having no 'significant risks' (e.g. representative offices)	5 years	variable	Outside ¹ the Directorate or audited entity
Shell Maritime Business Review	3 years	variable	STASCo
Aviation Operations	As determined by SAI	2-3	Shell Aircraft International (SAI)
Seismic, Well Engineering and Diving HSSE Audits	3 years for established services / operations or as required when campaign-driven	10 - 14	EPT-SCQ EPT-WN Diving Centre of Excellence
Pre-Start-Up HSSE Audit (PSUA) of <i>major</i> ² facilities	As determined by project	12-15	EPT -PO
Pre-Start-Up HSSE Audit (PSUA) of facilities	As determined by project	12	Outside ¹ the Directorate and audited entity
Project Design / Implementation HSSE Audit of <i>major</i> ² facilities	Project driven as defined in OPMG [10. §4.5.3]	5-12	EPT -PO
Project Design / Implementation HSSE Audit of facilities	Project driven as defined in OPMG [10. §4.5.3]	5-12	Outside ¹ the Directorate and audited entity
Other HSSE Audits (e.g., Road Safety, Health, Environmental, Security, Contractor)	variable	variable	Outside ¹ the Directorate or audited entity

¹ In this context, this means a different (i.e., no responsibilities for the management of the facility or operation) functional Directorate within the Region or alternatively, from another OpCo or Region.

² Subject to external Value Assurance Reviews (VAR) led by EPT-OE-VAS

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5. EP References

#	Title	Number
[1]	EP Standard 'HSSE Auditing'	EP2005-0180-ST
[2]	EP Procedure 'Conducting HSSE Audits'	EP2005-0180-PR-30
[3]	EP Specification 'Findings Assessment and Evaluation Criteria'	EP2005-0180-SP-02
[4]	EP Standard 'HSE Controlling Documentation Management'	EP2005-0140-ST
[5]	'Group HSE Policy and Commitment'; April 2000 (also given in Appendix 1 of Group HSE Management System, 2002)	SWW (cover page) SWW
[6]	'Group Procedure for an HSE Management System'; 1997 (also given in Appendix 3 of Group HSE Management System, 2002)	SWW (cover page) SWW
[7]	Group (YG) ¹ 'HSE Audit Guidelines'; March 2001	SWW
[8]	Shell Internal Audit Methodology; 2006	SWW
[9]	EP Register of HSSE Audit Leaders	SWW
[10]	Opportunity & Project Management Guide (OPMG)	SWW

¹ Group Yellow Guide, issued by the Health, Safety and Environment Advisers Panel

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EP2005 Volume 1	Findings Assessment and Evaluation Criteria	Restricted
HSE Specification		EP2005-0180-SP-02

SPECIFICATION: FINDINGS ASSESSMENT AND EVALUATION CRITERIA

This HSSE document may set requirements supplemental to applicable law. However, nothing herein is intended to replace, amend, supersede or otherwise depart from any applicable law relating to the subject matter of this HSSE document. In the event of any conflict or contradiction between the provisions of this HSSE document and applicable law as to the implementation and governance of this HSSE document, the provisions of applicable law shall prevail.

This HSSE document shall be subject to formal adoption as specified in EP Standard EP2005-0140-ST [\[3\]](#).

0. Revision Information

§4.2 was revised and §4.3 was replaced to be consistent with the requirements from Group HSSE Risk & Assurance. §4.4 (SAQ) was removed.

1. Scope

This Specification applies to all HSSE audits within the scope of EP Standard 'HSSE Auditing' [\[1\]](#).

2. External Requirements

HSE Management Systems (HSE-MS) or Business Management Systems, which include HSSE, are frequently required by regulators and require HSSE auditing programmes.

3. External References

None.

4. EP Specification

This Specification provides evaluation criteria for HSSE audits conducted on behalf of EP Companies. The criteria address the assessment methodology for classifying audit findings in HSSE audits and evaluating the acceptability of controls.

4.1 Identification and Development of Findings and Recommendations

Audit findings are identified weaknesses, gaps or failures in:

- Compliance with the EP Policy;
- Implementation of the HSSE Control Framework;
- Implementation of HSSE Management System.

Audit findings shall be based upon facts and supported by objective evidence and references. In developing audit findings, the audit team typically identifies an omission or shortfall in the controls. They will then try to identify root causes rather than simply the superficial manifestation or outcome.

The level of detail in audit findings shall be adequate for the Auditee to gain a proper appreciation of the weakness. The fact that audit findings are presented in tabular format is not intended to compromise this. Audit findings shall strike a balance between needless detail and being so brief as to fail to convey the validity of the weakness. Having identified a finding, the audit team shall develop a recommendation as to how the weakness may be solved.

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Recommendations should help to clarify the findings rather than limit the scope of possible solutions. Recommendations shall be stand-alone and Specific, Measurable, Achievable, and Realistic (i.e., “SMART” without the Time-based). In the case of pre-start-up audits, the audit team may include views on the required urgency (e.g. whether a finding shall be addressed before the introduction of hydrocarbons). However, it is ultimately the Auditee’s responsibility to determine what actions are required to correct the findings (which may include the recommendations provided) and the implementation timing required. Follow-up to HSE Audit Findings is detailed in the EP Procedure ‘Follow-up HSSE Audit Findings’ [7].

4.2 Classification of Findings

All audit findings shall be classified as ‘Serious’, ‘High’, ‘Medium’, or ‘Low’ by applying the Group ‘Risk Assessment Matrix’ (RAM) [4] or the criteria shown in Table 4.2 below as defined in the Shell Internal Audit (SIA) Methodology [6, §4.3.3]. The determined severity and the related consequence category (i.e., People, Asset Environment, Reputation) shall be documented in the audit report for each finding.

When the audit finding rating is derived from the application of the RAM, the position on the matrix (i.e., RAM rating) shall also be documented (e.g., 3C). The RAM rating is not to be used for the ‘non-compliance’ or ‘C’ severity.

Table 4.2 : Finding Rating Classification

Finding Rating	Definition
Serious (S)	The Audit Finding is likely to cause a significant undesirable effect on the achievement of the entity’s objectives and is likely to have a notable impact on the <i>HSSE Objectives of the Group</i> , therefore warranting immediate reporting to senior management, e.g. BU or Business level.
High (H)	The Audit Finding is likely to cause a significant undesirable effect on the achievement of the entity’s objectives <i>and has the potential to have a notable impact on the HSSE Objectives of the Business, therefore warranting reporting to the entity’s management.</i>
Medium (M)	The Audit Finding is likely to cause an undesirable effect on the achievement of the entity’s objectives.
Low (L)	The weakness is likely to have an insignificant undesirable effect on the achievement of one of the entity’s objectives, but its correction would enhance the risk-based control framework.
Non-Compliance (C)	A non-compliance to a specific external legal or other regulations applicable to the entity. Note: This typically relates to audits which are <i>not</i> ‘compliance audits’ during which the team discovers a non-compliance and <u>confirms such with Legal</u> . Reference shall be made to the number of the specific law or regulation in the finding.

Note: *Italicised text has been added to [6] to clarify the definitions as they relate to HSE audits.*

There may be findings for which the risk matrix may appear to provide an inappropriate assessment of the severity of the finding (either upwards or downwards). In these situations, the team consensus will prevail, and where consensus is not possible then the responsibility for the classification of the finding lies with the HSSE Audit Leader.

‘The existence of a repeat finding (i.e. a finding identified in a previous audit/review) would not in itself result in a higher rating than that given in the previous audit, unless the risk to achievement of business objectives has increased. However, the existence of repeat High findings, or the existence of multiple repeat findings, is expected to generate an additional finding in relation to management responsiveness to close-out of findings. In cases of repeated non-compliance with mandatory requirements, the related consequence may influence the level of the finding’ [6].

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4.3 Evaluation of Control Acceptability

Evaluating the overall rating of an audit (i.e., Audit Opinion) will no longer be done. Instead, an evaluation shall be made as to the acceptability of controls being implemented within the HSSE Risk Areas. Typical Risk Areas may include:




- Asset Integrity / Process Safety Management;
- Contractor HSE Management;
- Environmental;
- Health;
- Security;
- Transportation (Land/Air/Water);
- Worksite Hazard Management.

Depending upon the type of audit, one or more of these Risk Areas may be specifically excluded (e.g., excluding Asset Integrity in Seismic HSE Audits). Additionally, other risk areas may be included depending upon the audit scope (e.g., Well Control, Seismic, Diving, Projects). In all cases, the HSSE Risk Areas to be evaluated shall be identified in the Terms of Reference.

Finally, an assessment shall be made as to the control acceptability of those individual HSE-MS elements where systemic issues are identified and apply across multiple risk management areas. An assessment of the HSE-MS in its entirety shall not be made.

Control Acceptability is based upon the principal of risk acceptability outlined in the Group Risk Management Manual [2]. Although somewhat subjective in nature, the criteria for determining each of the three (3) levels of Control Acceptability - Green, Yellow, Red - is detailed in Table 4.3.1 below. The reference to the number of findings is not defined beyond some, few or many as fixing numbers may take away the judgement of the Audit Team.

Table 4.3.1 : Control Acceptability

	Controls Acceptable No or a few Low and/or Medium rated findings are reported which indicate a “once-off” rather than process or system structural weaknesses or that general enhancement of the controls, process or system framework is needed.
	Controls Need Improvement Some Medium and/or a few High rated findings are reported which indicate a weakness in controls / barriers or a part of the process or system structural framework.
	Controls Need Major Improvement Many Medium , some High and/or one or more Serious rated findings are reported indicating failures in key controls / barriers or in a significant part of the process or system structural framework.

The Executive Summary of each HSSE Audit Report shall contain a table that depicts a reference to each finding and the Control Acceptability assessment for each Risk Area with control acceptability assessments for those HSE-MS element areas where systemic issues are identified and apply across multiple risk management areas. An example of such a table is shown below (Table 4.3.2).

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Table 4.3.2 : Audit Report Template (example)

HSE MS Elements	Leadership & Commitment	Policy and Strategic Objectives	Organisation, Responsibilities, Resources, Standards and Docs	Hazard and Effects Management Process (HEMP)	Planning and Procedures	Implement and Monitoring	Audit	Management Review
Risk Areas								
Asset Integrity / Process Safety Management				3.4.1-H	3.5.1-M			
Contractor HSE Management			3.3.1-M					
Environmental								
Health						3.6.1-H		
Security								
Transportation (Land/Air/Water)				3.4.1-H		3.6.2-H		
Worksite Hazard Management					3.5.2-H	3.6.3-M 3.6.4-M		
Well Control			4.3.1-H 4.3.2-H	4.4.1-M 4.4.2-M	4.5.1-M	4.6.1-M 4.6.2-M		
Other Systems/Processes		3.2.1-M 3.2.2-M	3.3.2-M 3.3.4-M 3.3.5-H	3.4.2-H 3.4.3-H 3.4.4-L		3.6.5-H	3.7.1-M	3.8.1-M

Risk Areas with Control Acceptability

HSE-MS Element having systemic issues

Reference to Finding Number / Severity in Report

Specific Risk Area with Control Acceptability

Other Systemic / Process Findings without Control Acceptability

5. EP References

#	Title	Number
[1]	EP Standard 'HSE Auditing'	EP2005-0180-ST
[2]	Shell Risk Management Manual; 2006	SWW
[3]	EP Standard 'HSE Controlling Documentation Management'	EP2005-0140-ST
[4]	Shell Risk Assessment Matrix' (RAM); 2006	SWW
[5]	Shell HSE Audit Guidelines; 2001	SWW
[6]	Shell Internal Audit Methodology; March 2006	SWW
[7]	EP Procedure 'Follow-up HSSE Audit Findings'	EP2005-0180-PR-40

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SPECIFICATION: HSSE AUDITOR COMPETENCE CRITERIA

This HSSE document may set requirements supplemental to applicable law. However, nothing herein is intended to replace, amend, supersede or otherwise depart from any applicable law relating to the subject matter of this HSSE document. In the event of any conflict or contradiction between the provisions of this HSSE document and applicable law as to the implementation and governance of this HSSE document, the provisions of applicable law shall prevail.

This HSSE document shall be subject to formal adoption as specified in EP Standard EP2005-0140-ST [4].

0. Revision Information

Re-arranged the competence criteria in §4 under the new definitions for Independent and Internal HSSE Audits and referenced the Group (YG) 'Competence Assurance of HSSE Critical Positions' [8] for competence details (and thereby deleting Appendix 1).

1. Scope

This Specification defines the competency requirements for HSSE Audit Leaders and HSSE Auditors when conducting any HSSE audit defined within the scope of the EP2005-0180 ST, 'HSE Auditing' [1].

2. External Requirements

HSE Management Systems (HSE MS) or Business Management Systems (BMS) which include HSSE, are frequently required by regulators and require HSE Auditing Programmes. There is an expectation and duty to ensure that the HSSE audits will be carried out in an effective and professional way by trained and competent resources.

3. External References

None.

4. EP Specification

The Group (YG) 'HSE Audit Guidelines' [5] requires that minimum competence requirements be established for those involved in the performance of all HSSE audits. In case of Independent HSSE Audits, HSSE Audit Leaders are required to satisfy the business (EP) specified competence requirements.

The competence of HSSE Auditors (leaders and team members) for Independent and Internal HSSE Audits shall be assured. The EP HSSE Global Assurance Leader shall approve HSSE Audit Leaders on behalf of EP. A register of 'approved' HSSE Audit Leaders [7] for Independent HSE Audits shall be maintained by EP and provided to the Group HSSE Risk & Assurance Manager. This register may also include third party audit service providers.

The main competence required of an HSSE Auditor is to conduct appropriate audits of HSSE management systems and related processes and communicate results effectively. The specific levels of competency related to HSSE Audits is defined in Appendix 3 (HSE 7.0) of the Group (YG) 'Competence Assurance of HSSE Critical Positions' [8].

Equally important to auditor competence is the composition or make-up of the audit team. Full agreement on team composition is required between the Auditee and the HSSE Audit Leader in

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the Terms of Reference [10]. Either party has the authority to decline the audit when an appropriate team cannot be agreed upon and made available. Factors which must be considered when composing an audit team are as follows:

- All team members must commit to participate full-time in the audit;
- The team should ideally be an equal mix of personnel associated with the organisational entity being audited and those external to the organisational entity, and, where relevant, contractor personnel;
- As a minimum, two external members (including Audit Leader) are considered to be necessary;
- As a minimum, one of the team members associated with the entity being audited should be sufficiently senior to represent the management view to the remainder of the audit team;
- one relatively junior team member, who is in the team to gain experience, is acceptable, but not more than one;
- Team members not meeting the competence requirements described in §4.1 can be included but subject to the acceptance of the HSE Audit Team Leader who, if necessary, will consult with the Dir/Reg HSSE Assurance Manager;
- A team of six including the HSSE Audit Leader should be considered as the maximum for most audits. This allows for dividing the work between three sub-teams of two, or two sub-teams of three.

4.1 Independent HSSE Audits

Independent HSSE Audits shall be led by HSSE Audit Leaders who do not come from the audited organisational entity and whose competence requirements meet those defined in this Specification. For independence reasons, HSSE Audit Leaders shall not participate in audits of an organisational entity within three (3) years following an assignment in that entity.

4.1.1 EP Business and Directorate / Region / Company Levels

AUDIT LEADERS: Pre-requisites for HSSE Audit Leaders of Independent HSSE Audits at the EP Business and Directorate / Region / Company levels are summarised as follows:

- Minimum level of JG2;
- Demonstrated competency [8] at the HSE Professional, General HSE Advisor 3-2 level or the Operations/Technical/Engineering (OTE) level 3 or 4;
- Technical degree, preferably engineering;
- A seasoned professional (about 10 years) with broad OU experience in an Operational or Technical environment in E&P, with exposure to HSSE / Technical audit & assurance processes;
- Strong interpersonal and team leadership skills;
- Courage to intervene and challenge status quo;
- Qualities of independence, objectivity and analysis;
- Highly self motivated, organised and adaptable;
- Excellent presentation skills, with the ability to communicate credibly with senior management;
- Strong writing and computing skills;
- Completing 'Auditing in a Technical Environment (ATE)' is required;
- EP Audit Leader Registration: Participate in two (2) HSSE Audits led by EP Registered HSSE Audit Leader and lead one (1) HSSE Audit in the presence of an EP Registered HSSE Audit Leader and receive a satisfactory evaluation.

AUDITORS: Suitably qualified EP staff shall be made available to participate in HSSE audits in accordance with resourcing plans. Prerequisites for HSSE audit team members are summarised as follows:

- JG3 or higher (though a JG4 may exceptionally be included);
- Demonstrated competency [8] at the HSE Professional, General HSE Advisor 5-4 level or the Operations/Technical/Engineering (OTE) level 3 or 4;
- Suitable audit scope related experience;

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- Completing 'Auditing in a Technical Environment (ATE)' is required.

4.1.2 Asset / Facility / Activity Level

AUDIT LEADERS: Prerequisites for HSSE Audit Leaders of Independent HSSE Audits at the Asset / Facility / Activity level are summarised as follows:

- Minimum level of JG3;
- Demonstrated competency [8] at the HSE Professional, General HSE Advisor 3-2 level or the Operations/Technical/Engineering (OTE) level 3 or 4;
- Technical degree, preferably engineering;
- An professional (about 5 years) with broad OU experience in an Operational or Technical environment in E&P, with exposure to HSSE / Technical audit & assurance processes;
- Strong interpersonal and team leadership skills;
- Courage to intervene and challenge status quo;
- Qualities of independence, objectivity and analysis;
- Highly self motivated, organised and adaptable;
- Excellent presentation skills, with the ability to communicate credibly with senior management;
- Strong writing and computing skills;
- Completing 'Auditing in a Technical Environment (ATE)' is required;
- EP Audit Leader Registration: Participate in one (1) HSSE Audit led by EP Registered HSSE Audit Leader and lead one (1) HSSE Audit in the presence of an EP Registered HSSE Audit Leader and receive a satisfactory evaluation.

AUDITORS: Prerequisites for HSE audit team members are summarised as follows:

- JG5 or higher;
- Demonstrated competency [8] at the HSE Professional, General HSE Advisor 5-4 level or the Operations/Technical/Engineering (OTE) level 2;
- Suitable audit scope related experience;
- Attending 'Auditing in a Technical Environment (ATE)' is recommended, but not required.

4.2 Internal HSSE Audits

Internal HSSE Audit is the process whereby staff within an entity review the completeness and implementation of all or part of their own HSSE Management System (or it's application through the HSE Case). The Audit Leaders *should* be independent of the operation or installation being audited and shall meet the minimum requirements as follows.

AUDIT LEADERS: Prerequisites for HSSE Audit Leaders of Internal HSSE Audits at the Asset / Facility / Activity level are summarised as follows:

- Minimum level of JG3 (although a JG4 or 5 may be considered as an exception);
- Demonstrated competency [8] at the HSE Professionals, General HSE Advisor 5-4 level or the Operations/Technical/Engineering (OTE) level 2;
- Technical degree, preferably engineering;
- An professional (about 5 years) with broad OU experience in an Operational or Technical environment in E&P, with exposure to HSSE / Technical audit & assurance processes;
- Strong interpersonal and team leadership skills;
- Courage to intervene and challenge status quo;
- Qualities of independence, objectivity and analysis;
- Highly self motivated, organised and adaptable;
- Excellent presentation skills, with the ability to communicate credibly with senior management;
- Strong writing and computing skills;
- Completed Training Courses: Auditing in a Technical Environment (ATE);
- Participate in one (1) HSSE Audit prior to leading an audit.

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AUDITORS: Prerequisites for HSE audit team members are summarised as follows:

- JG5 or higher;
- Demonstrated competency [8] at the HSE Professionals, General HSE Advisor 5-4 level or the Operations/Technical/Engineering (OTE) level 1 or 2;
- Suitable audit scope related experience;
- Attending 'Auditing in a Technical Environment (ATE)' is recommended, but not required.

4.3 HSSE Audits of Contractors

For contractors being considered for Mode 2 High HSSE Risk contracts [3, Task 8], an HSSE MS audit/review is to be conducted if little recent independent information is available on their HSE capabilities. These audit reviews are critical in ensuring that the contractors and vendors selected have the capability to manage the HSE risks associated with the contract scope.

AUDIT LEADERS: Pre-requisites for Leaders of such audits are summarised as follows:

- JG4 or higher (though a JG5 may exceptionally be included);
- At least (2) years experience relevant to the field of work to be undertaken by the contractor / vendor;
- Sound interpersonal and communication skills and;
- Qualities of independence, objectivity and analysis.
- Attending 'Auditing in a Technical Environment (ATE)' is recommended, but not required;
- Be familiar with the contents of this Standard and EP Standard 'Contractor HSE Management' [2];
- Participated as a team member in an audit undertaken in accordance with this Standard.

AUDITORS: The competency requirements for HSE audit team members:

- JG5 or higher;
- Suitable audit scope related experience;
- Attending 'Auditing in a Technical Environment (ATE)' is recommended, but not required.

5. EP References

#	Title	Number
[1]	EP Standard 'HSE Auditing'	EP2005-0180-ST
[2]	EP Standard 'Contractor HSE Management'	EP2005-0110-ST
[3]	EP Procedure 'Contractor HSE Management'	EP2005-0110-PR-10
[4]	EP Standard 'HSE Controlling Documentation Management'	EP2005-0140-ST
[5]	Group (YG) ¹ 'HSE Auditing Guidelines', March 2001	SWW
[6]	'Shell Risk Policy and Guidelines', April 2000	SWW
[7]	Register of EP HSE Audit Leaders	SWW
[8]	Group HSSE Control Framework, HSSE MS Manual, Competence(Aug 2008)	SWW
[9]	Competence Based Development System	SWW
[10]	EP HSSE Audit Kit and Tools; 2007	SWW

¹ Group Yellow Guide, issued by the Health, Safety and Environment Advisers Panel